

London	100.00	Paris	100.00	Frankfurt	100.00
Amsterdam	100.00	Brussels	100.00	Geneva	100.00
Zurich	100.00	Basel	100.00	Stockholm	100.00
Copenhagen	100.00	Oslo	100.00	Norwegian	100.00
Swedish	100.00	Japanese	100.00	Yen	100.00
South African	100.00	Pound	100.00	Dollar	100.00
Gold	100.00	Silver	100.00	Platinum	100.00
Crude Oil	100.00	Heating Oil	100.00	Natural Gas	100.00
Wheat	100.00	Corn	100.00	Soybeans	100.00
Cotton	100.00	Wool	100.00	Iron Ore	100.00
Copper	100.00	Nickel	100.00	Aluminum	100.00
Zinc	100.00	Lead	100.00	Tin	100.00
Gold	100.00	Silver	100.00	Platinum	100.00
Crude Oil	100.00	Heating Oil	100.00	Natural Gas	100.00
Wheat	100.00	Corn	100.00	Soybeans	100.00
Cotton	100.00	Wool	100.00	Iron Ore	100.00
Copper	100.00	Nickel	100.00	Aluminum	100.00
Zinc	100.00	Lead	100.00	Tin	100.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday October 22 1987

D 8523 A

Yves Saint Laurent:
Agitation in the
fashion world, Page 28

World News Business Summary

New British missiles will remain US property

Britain's Trident missiles would effectively remain US property under the 1980 Trident agreement, unlike the present Polaris missile stock which is owned outright by Britain, it was disclosed.

Another consequence of the agreement on joint servicing of Trident missiles in Georgia was that Britain's ability to test, assemble and service its strategic nuclear missiles would disappear, Page 10

Shultz 'confident'

US Secretary of State George Shultz expressed confidence he would make progress on arms control today and tomorrow when he was due to meet Soviet leaders in Moscow, Page 24

Moscow fogbound

Moscow's three airports were closed for the third consecutive day because of heavy fog which enveloped the Soviet capital, leaving 20,000 passengers stranded. Visiting US Secretary of State George Shultz had to travel by train from Finland.

Salvador peace talks

Salvadoran Government and rebel leaders gathered at a Venezuelan military base to open peace talks, with both sides saying their negotiating positions were far apart.

Space challenge

French President Francois Mitterrand said Europe had the technical know-how to challenge the US in the space race but appeared to lack the political will.

Spanish rift grows

Growing estrangement between Spain's Socialist Government and its 'fraternal' trade union, the Union General de Trabajadores, gathered pace as two union leaders decided to resign from Parliament in protest against the Government's budget proposals, Page 4

EC storms aid

Aid amounting to Ecu900,000 (\$1.03m) would be distributed among EC members hit by storms last week. The European Commission announced. A third of the money would go to Britain and France, Portugal and Spain would share the rest.

Sikh militants seized

Security precautions were stepped up throughout north-west India in an attempt to curb activities by Sikh extremists who killed 11 people in New Delhi suburbs in advance of a major rally in the Sikhs Golden Temple in Amritsar today, Page 6

Family planning urged

President Daniel Arap Moi said he might sack civil servants who had too many children because they should set an example on family planning in Kenya where the population is growing at between 3.8 and 4 per cent a year.

Tiger surrender urged

Indian forces besieging Jaffna in northern Sri Lanka renewed appeals to trapped Liberation Tigers of Tamil Eelam to surrender their weapons, dropping leaflets over rebel areas, Page 8

Austrian protest

About 9,000 Austrian students protested outside Chancellor Franz Vranitzky's office in Vienna as their strike against government policy on higher education entered its second day.

Iran to 'get even'

Iran said it was determined to 'get even' with the US following the American attack on Monday on two Iranian oil platforms in the Gulf - then 'call it quits', Page 6

Nobel economics prize

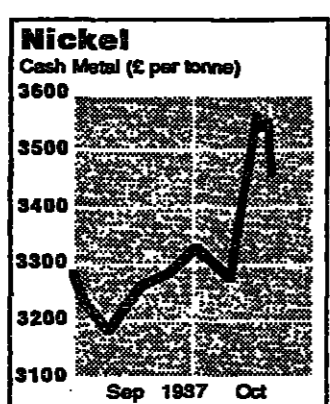
Robert M. Solow of the Massachusetts Institute of Technology won the Nobel Memorial Prize in Economic Sciences for showing the importance of technology in economic growth, Page 8

BBC plans to float commercial enterprises

BRITISH Broadcasting Corporation plans to float part of its commercial operation as part of a wide ranging five-year plan to cut costs and increase revenue. The sale of a stake in BBC Enterprises could raise £100m (£165m), Page 10

MORGAN STANLEY, blue-chip Wall Street investment firm, reported a doubling of net income in the three months to September and said it had ridden the turmoil in the stock market without serious mishap, Page 25

NICKEL prices continued to weaken in London as profit-taking continued. The cash figure



ended \$27.50 to \$24.55 a tonne, while the three-month figure was \$25.5 lower at \$23.55, Page 38

AMOCO, leading US oil group, reported a turnaround in the third quarter, registering earnings of \$116m against a \$32m loss in the corresponding period last year.

EXXON, diversified US producer of copying and duplicating machines, yesterday posted a 20 per cent rise in third-quarter net income to \$134m or \$1.23 a share, Page 25

ENICHEM, Italian state chemical company, and Dow Chemical Europe are to build a jointly owned plant in Italy to manufacture advanced epoxy resins, Page 25

UNION BANK of Switzerland reported brisk business in the third quarter. Without stating profits, it predicted a 'favourable' result for 1987 as a whole, Page 25

GOLD rose \$0.75 on the London bullion market to \$466.75. In Zurich it also closed at \$466.75, (\$468.0), Page 38

DOLLAR rose in London to DM1.8135 (DM1.8080); to FFfr.60375; to SFfr.1.5055 (SFfr.1.5000); to Y144.15 (Y143.90). On Bank of England figures the dollar's exchange rate index rose 0.1 to 100.9, Page 37

STERLING fell in London to \$1.6525 (\$1.6550); but rose to DM2.9975 (DM2.9925); to FFfr.6975 (FFfr.6925); to SFfr.2.4975 (SFfr.2.4925); and remained unchanged at Y238.25. The pound's exchange rate index was unchanged at 73.4, Page 37

ITT, US financial, industrial and travel conglomerate, announced a 70 per cent increase in earnings for the third quarter with net income rising to \$210m, or \$1.39 a share, compared with \$126m or 82 cents in 1986, Page 25

DOMINION TEXTILE, Canada's largest textile producer, came out of its US\$2.8bn joint bid for Burlington Industries of the US with a net gain of \$20m or C\$1 a share after expenses and taxes, Page 25

NORTHERN TELECOM, world's largest supplier of fully digital telecommunications systems which this month bought 27.8 per cent of Britain's STC, reported a satisfactory 11 per cent increase in third quarter earnings on the back of continued growth in central office switching, Page 25

ALCAN ALUMINIUM, largest Canadian producer of aluminium, doubled earnings for the third quarter on the back of strong demand for ingot and fabricated products and higher prices, Page 25

Sharp fall in US rates sparks rally in world markets

BY OUR ECONOMICS, FINANCIAL AND FOREIGN STAFF

WORLD EQUITY markets rallied strongly yesterday as traders took heart from the sharp falls in US interest rates engineered by the US Federal Reserve Board on Tuesday.

Confidence that the US authorities will not raise its discount rate helped Wall Street recover for the second consecutive day and share prices surged in hectic business on all major stock exchanges.

The Tokyo and London markets posted record one-day gains. The FT-SE 100 index closed more than 140 points higher.

On Wall Street, the Dow Jones Industrial Average jumped by around 200 points within an hour to settle just above the psychologically important 2000 mark. At 2 o'clock, the Dow stood 188.17 points higher at 2029.12.

A further plunge in US interest rates, as the Federal Reserve Board continued to add liquidity to the financial system, fuelled the rebound. The market then settled down into what many dealers regarded as a healthy and necessary period of consolidation, with prices moving sideways from mid-morning to early afternoon. Trading volume was more moderate than the feverish levels of the last few days.

The mood remained nervous and few people were confident of a sustained recovery. The market was more moderate than the feverish levels of the last few days.

The Treasury's long bond also continued to strengthen, as investors' earlier worries about inflation gave way to concerns that the stock market collapse might slow down the economy in the coming year. The bond

- Lex, Page 24
- Gold and oil prices, Page 36
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- London stock exchange, Page 44
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achieve after the crash of 1929, before resuming its downward course a few days later.

There was also concern among some institutions that a rapid recovery might send the wrong message to Washington, permitting a return of what is seen as the excessive complacency over economic policy in the White House and Congress.

There seemed to be no anxiety, however, about the Federal Reserve Board's new policy of easy money. The Federal Funds rate fell steeply again yesterday morning, to 6 per cent, from 6 5/8 per cent on Tuesday and as high as 7 1/2 per cent last week.

But there was no sign of the selling pressure on the dollar which this rapid monetary relaxation might have provoked in the recent past. In fact, the dollar strengthened markedly over the third day running on the foreign exchanges, rising to Y144.75 and DM 1.8195 by early afternoon in New York.

The Treasury's long bond also continued to strengthen, as investors' earlier worries about inflation gave way to concerns that the stock market collapse might slow down the economy in the coming year. The bond

which the market managed to achieve after the crash of 1929, before resuming its downward course a few days later.

European and Tokyo markets gain confidence

BY STEFAN WAGSTYL IN TOKYO AND STEVEN BUTLER IN LONDON

STOCK MARKETS stretching from Tokyo to Amsterdam yesterday moved sharply forward following Tuesday's recovery in Wall Street share prices.

The Tokyo stock market staged a record recovery - moving up by 9.3 per cent and recovering more than half the losses suffered in Monday's crash.

Active two-way trading resumed, in contrast to the paral-

ysis that struck the market the day before due to a lack of buyers.

The Nikkei index of 225 top stocks closed up 2,637.32 points at 23,947.46, recovering 53 per cent of what it had lost the previous day. About 1.1bn shares changed hands.

Traders said the rise was stirred by Tuesday's recovery on Wall Street and by a belief that the outlook for the Japanese economy was good.

Continued on Page 24

Investors remained nervous. But they drew confidence from the fact that after yesterday's recovery the Tokyo market is only 10 per cent off its all-time peak - in contrast to Wall Street.

In the bond market, prices rose following moves by the Bank of Japan, which acted in line with other central banks to ease upward pressure on interest rates and to assure

Continued on Page 24

Baker in talks to reduce budget deficit

BY STEWART FLEMING, US EDITOR, IN WASHINGTON AND DAVID MARSH IN BONN

MR JAMES BAKER, US Treasury Secretary, went to Capitol Hill yesterday for talks with Congressional leaders as part of an urgent attempt to reach a bipartisan compromise on reducing the budget deficit.

Officials said the Treasury Secretary, accompanied by Mr Howard Baker, the White House Chief of Staff, planned talks with Mr Robert Byrd, Senate majority leader, Mr Jim Wright, the House speaker, Mr Robert Dole, Senate minority leader, and Mr Robert Michael, House minority leader.

The meetings came amid conflicting signals from the White House about how far President Ronald Reagan was prepared to go in bowing to pressure to raise taxes as part of a package both to cut the deficit and to calm financial markets.

Earlier Mr Martin Fitchwater, White House spokesman, had stressed that "everything is on the table for discussion" in talks with Congressional leaders on the budget deficit. However, Mr James Miller, the Director of the Office of Management and Budget, said the President would not accept a tax increase.

"His position on taxes is unchanged... he simply will not (accept a tax rise)," Mr Miller said in answer to a question during a speech to the Council of Better Business Bureaus.

The divisions came as the West German Government made clear it expected action from the US to back up the Louvre currency stabilisation agreement.

In remarks which indicate irritation in Bonn about last week's attack by the US Treasury Secretary on West German monetary policy, Mr Friedrich Oet, the Bonn government

spokesman, stressed Washington's responsibilities over the agreement. Pointing out that it was crucial the Louvre accord be fulfilled, he told reporters, "This concerns above all the US."

Meanwhile, Mr Eduard Balladur, French Finance Minister, said that a further fall in the dollar's value could lead to stagnation in European growth. He welcomed Monday's rapprochement between Bonn and Washington, and added: "I would like to see a strengthening of this co-operation. We have to eliminate doubts and publicise the determination of governments to apply the Louvre accords."

Senior European monetary officials also stressed that restoring market confidence in international policy co-ordination remained the key priority despite yesterday's recovery in stock markets.

The officials said they remained unsure about whether or not the markets would test the willingness of central banks to defend the dollar's current level against other major currencies. They also conceded that there remained doubts among European governments over the willingness of the US to intervene in defence of its currency in the event of a modest fall.

On Tuesday evening, after a two-hour meeting with his economic and political advisers, including both the Treasury Secretary and Mr Alan Greenspan, chairman of the Federal Reserve Board, Mr Reagan announced for the first time that he would agree to try to negotiate a budget package with Congress.

"I am directing that discussion," he said.

Continued on Page 24



Mikhail Gorbachev: dominant

Politburo retirement strengthens Gorbachev

By Patrick Cockburn in Moscow

MR MIKHAIL Gorbachev's position within the country's ruling Politburo was strengthened yesterday with the retirement of a senior member.

Mr Geidar Aliyev, who has been considered a leading opponent of the Soviet leader, he retired at his own request on health grounds.

His departure tilts the balance within the ruling body towards further radical reform.

The change also means that eight of the 13 Politburo members have joined since Mr Gorbachev became leader in 1985.

Differences within the Politburo are now likely to centre on the degree of radical change desirable, rather than on change versus maintaining the status quo.

Mr Gorbachev, while having the more dominant position, still has to represent a consensus of opinion among Politburo members, many of whom have more cautious political instincts.

Mr Aliyev, 64, was believed to have been seriously ill earlier this year. He has been a full member of the Politburo since 1982.

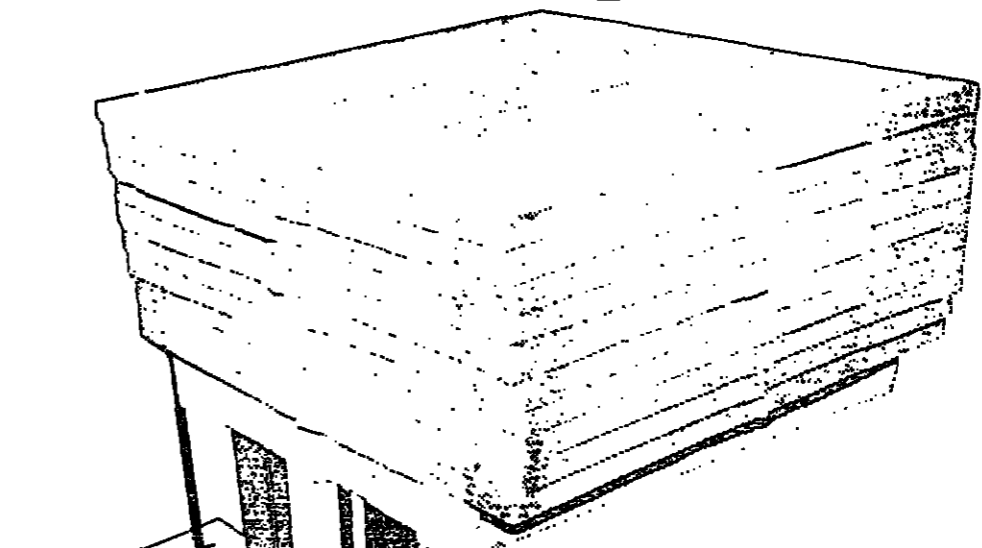
Evidence that his political position was under attack came in strong press criticism of the transport system for which he was responsible.

He has also held the post of first deputy prime minister and spent 20 years in the KGB security police in his home republic of Azerbaijan on the Caspian Sea.

He became Azerbaijan party leader in 1989 charged with ending corruption. Accounts of his success in this area vary. The press has recently heavily publicised the case of a large institute in Baku, the capital of Azerbaijan, which was closed down following allegations that degrees were obtained by systematic bribery.

In addition to announcing Mr Aliyev's retirement, the central committee heard an address by Mr Gorbachev on preparations for the 70th anniversary of the Bolshevik Revolution in 1917.

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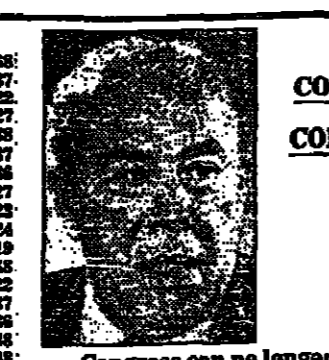
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Congress can no longer keep George Shultz, US Secretary of State, in the style to which he has become accustomed, Page 24

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EUROPEAN NEWS

EC fails to agree on Gulf plan

BY QUENTIN PEEL IN BRUSSELS

A MUCH-vaunted effort by the member states of the European Community to demonstrate their political support for the conservative Arab states in the Gulf is in danger of coming unstuck - because they cannot agree on a deal.

The EC Council of Ministers this week abandoned the effort to reach agreement when it was made clear that the Gulf Co-operation Council (GCC) states were not interested in the deal being proposed by the European Commission - offering little more than a standstill on trade arrangements.

The 12 had agreed to rush

through a negotiating mandate for a new trade and co-operation agreement with the six-nation GCC, which includes Saudi Arabia, Kuwait, Oman and the United Arab Emirates.

The EC agreed on a two-phase approach, offering a co-operation agreement with a standstill in the first phase, followed by more substantive trade negotiations leading to a possible free-trade area sometime in the future.

Even that approach appeared to go too far for the UK and the Netherlands, which are concerned about protecting petrochemical industries

threatened by competition from the Gulf.

On the other hand, GCC states made it clear that the proposed mandate was not even worth talking about, in an aide-memoire circulated to EC states last week.

Mr Claude Cheysson, European Commissioner responsible, suggested to the Council of Ministers on Tuesday that they offer an immediate co-operation agreement, with an equally early start to substantive trade talks, in effect pulling the two phases together.

His move was denounced by the

UK and the Netherlands as a significant change from the first proposal.

The biggest problem in the council was that all the foreign ministers had left, except for Mr Uffe Ellemann-Jensen, Danish Foreign Minister in the chair. Mr Hans-Dietrich Genscher, West German Minister, who inspired the move to get the negotiations rapidly under way, failed to attend.

Whatever the EC now offers will tend to look lame and belated if the ministers can actually agree on any common position when they meet again in November.

Bonn urges US action on Louvre accord

By David Marsh in Bonn

THE West German government made clear yesterday it expected economic policy action from the US to back up the Louvre currency stabilisation agreement.

In remarks which indicate irritation in Bonn about last week's attack on German monetary policy by Mr James Baker, the US Treasury Secretary, Mr Friedrich Oet, the Bonn government spokesman, stressed Washington's responsibilities over the agreement.

Pointing out that it was crucial that the Louvre accord be fulfilled, he told reporters: "This concerns above all the US."

Mr Oet's comments were more acerbic than remarks made on Tuesday by Mr Gerhard Stoltenberg, the Finance Minister, and Mr Karl Otto Poehl, the Bundesbank president.

Both men, who met Mr Baker in Frankfurt on Monday to reaffirm their commitment to currency stability, have been anxious in their public statements to back up efforts to calm world financial markets after this week's turbulence.

However in private West German officials have criticised Mr Baker's remarks last week and stressed that the Bundesbank is unlikely to attempt a mild tightening of monetary policy in coming months.

The Bundesbank contributed to lowering fears of higher interest rates yesterday by imposing a fixed interest rate of 3.50 per cent for its latest one-month securities refinancing operation with German banks.

The central bank brought in a fixed rate this week for the refinancing rather than allowing the rate to be set by tender, which could have resulted in banks driving the interest rate higher. The 3.50 per cent level, down from 3.55 per cent set after the tender last week, was regarded by the Frankfurt financial markets as a sign that the central bank wanted to dampen at least temporarily a rise in short term interest rates.

The Bundesbank was worried about the potential longer-term inflationary effects of rapid overshooting of its money supply target this year for the second year running.

Booming business drives motorists to the edge

By David Barchard in Ankara

European Diary



Turkey

A TRUCK, travelling in the opposite direction to you on an overcrowded and winding mountain road, tries of the bumper to bumper traffic on his side and crosses over.

Oncoming traffic has a split second choice between a head-on collision and retreating to the gravel on the road's verge, inches from a thousand foot ravine.

One truck comes past in this fashion, then another, and another, forcing oncoming traffic off the road 25 times in 35 minutes.

This is not a scene from a fiendish computer game or a horror movie but a typical afternoon's driving through the Taurus mountains, along the road which links Turkey with the Middle East.

The rapid expansion of the Turkish economy in the last seven years has brought with it some of the worst traffic problems in Europe and a horrifying toll in accidents.

Each year in Turkey, according to Professor Kadir Ege, head of the Traffic Accident Prevention Institute in Ankara, around 60,000 Turks are injured in road accidents and about 6,000 die. Yet Turkey has by far the lowest number of passenger cars per thousand of the population of any country in the Organisation for Economic Co-operation and Development - 18 compared with 312 in the UK or 424 in West Germany or 135 in Portugal.

Other international comparisons are equally bleak. Roughly speaking, one has an eight times greater chance of dying in a road accident during a journey in Turkey than one does in Western Europe or North America, according to Professor Ege.

More depressing still, the situation seems to be getting worse. The number of road accidents each year jumped by 58 per cent between 1981 and 1985, a reflection perhaps of the growing numbers of vehicles on Turkey's roads.

Just why this should be so is not immediately obvious. Though Turkey has certain overcrowded arterial routes such as those linking Istanbul and Europe with the rest of the Middle East, its 60,000km network of asphalted roads is a considerable engineering achievement.

In many parts of the country, roads often seem to be of a better standard than the volume of traffic carried on them would demand.

On some trunk roads the average daily traffic is over 6,000 vehicles, of which more than half is heavy vehicles. This is a much higher proportion than on a Western highway," says Mr Coskunoglu.

Not only is the density of the traffic high, but the trucks which make up the greater part of it are often underpowered for the loads they carry.

Turkish-built trucks, especially the smaller ones, have less than 10hp per ton and operate below specifications acceptable in Europe. Local motor industry producers say that trucks normally carry loads far in excess of those for which they were designed for.

As a result, Turkey's major intercity highways are clogged with slow-moving traffic. Regulations about the number of hours a driver may stay on the road are widely ignored, though this may end with the introduction of tachometers.

Drivers travelling for hundreds of miles on congested roads, frequently through the night, often fall asleep at the wheel. When they do, there are rarely crash barriers to protect them.

The burned-out wrecks of lorries and buses which have plunged from the roadside into ditches or ravines are a frequent and woeful sight along Turkey's major highways.

An equally common sight is a line of trucks being stopped by the Turkish traffic police - but traffic safety does not seem to be high among the concerns of the police, who are usually checking that driving and vehicle licences are in order.

"A vehicle on the wrong side of the road driving deliberately at another doesn't interest the police," says one Turkish driver. "What they want to know is whether or not your documents are in order. And bribery is frankly very common. Some policeman take advantage of the regulations to harass drivers and line their own pockets."

Road safety regulations are in any case often largely a matter of theory, with none of the supporting publicity usual in Europe. For years Turks were supposed to wear safety belts but the obligation was not enforced.

Last summer the police began to fine drivers on long distance routes who were not wearing safety belts, but the requirement is presented as a legal obligation rather than something which will save lives.

Foreign tourists are usually waved through barriers by the police with a courteous smile, but every summer brings a rash of serious accidents involving visitors to the country. The legal consequences for one foreigner involved in a crash can be serious. In some rural areas, courts still tend to assume that a local man is more likely to be innocent than a foreigner.

Not all the European cars involved in crashes belong to foreigners. The most lethal drivers in Turkey are said to be guest-workers returning from West Germany for their holidays, hurtling across the country in newly-bought cars and trying to squeeze in as much time as possible in their home towns.

Professor Ege believes that three things would help bring road safety in Turkey closer to European standards: more education, more police concern with road safety and less with formalities, and more investment in hospitals which specialise in traffic accidents.

He was speaking in Ankara's main traffic accident hospital on a highway at the edge of the city, currently shut down and due to reopen next year.

The death toll seems likely to go on until official attitudes change. There is no sign that they will. Two years ago Turkey turned down flat an invitation to participate in European Road Safety Year.

Swiss fears on inflation downplayed

By William Dulforce in Geneva

THE SWISS National Bank sees no reason for a further increase in Swiss interest rates. Nor does the central bank believe that its current temporary relaxation of monetary policy will bolster inflationary pressures.

The recent rise in Swiss interest rates had been a surprise, Dr Markus Lusser, vice-president and president-elect of the National Bank, said yesterday.

Yields on Federal bonds have climbed from around 4 per cent in August to 4.4 per cent. The interest rate on three-month Euro-franc deposits has risen above 4 per cent for the first time in about a year.

Expectations of stronger inflation in Switzerland were unfounded, Dr Lusser said. The jump from last year's 0.8 per cent annual inflation rate to almost 2 per cent in the third quarter this year had long been forecast and had been accounted for in nominal interest rates, he added.

The only explanation for recent movements in Swiss rates was to be found abroad, particularly in the US, where inflationary expectations had brought about higher rates and downward pressure on the exchange rate.

Swiss "fundamentals" offered no reason for a further increase in rates, Dr Lusser said.

Mr Pierre Languetin, the current president of the National bank, stressed that the easing in restrictions on the money supply growth had stemmed primarily from concern for the Swiss franc exchange rate.

EC research changes outlined

BY WILLIAM DAWKINS IN BRUSSELS

LONG-AWAITED plans to tighten up the management of the EC's four high technology joint research centres were published yesterday.

Under the proposals, adopted by the weekly meeting of the European Commission, the centres would cut their dependence on the EC research budget so that 40 per cent of their funds came from outside sources by 1991. This falls a long way short of earlier UK calls for the centres to be privatised.

But it does answer many of the criticisms voiced in an independent report to the Commission by a panel of top industrialists led by Mr Harry Beckers, research director of Shell. That accused the centres of being inefficiently managed and out of touch with commercial reality.

The centres, opened in the mid 1960s in Italy, the Netherlands, Belgium and West Ger-

many, conduct research into a wide range of subjects from nuclear safety to alternative energy sources and pollution control. The Italian centre, based at the northern town of Ispra is the largest and most criticised of the four.

Commission officials yesterday confirmed that they had been fully notified of the scheme, as is required under EC competition rules, and that they would come to a final decision within the next two months.

Instead, it proposes that the centres' loosely organised mass of research projects should be re-organised along four lines: specific programmes that form part of the EC's overall research framework, work for the Commission's technical services, contract research for third parties, and exploring "new areas of research to support Europe's technology strategy."

Yesterday's proposals envisage that 15 per cent of the centres' resources should come from contract research for governments and companies by 1991, with a larger proportion coming from other Commission departments.

The plan does not, however, envisage any cut in the centres' Ecu800m (£478.1m) allocation for the next five years under the EC's research framework programmes.

However in private West German officials have criticised Mr Baker's remarks last week and stressed that the Bundesbank is unlikely to attempt a mild tightening of monetary policy in coming months.

The Bundesbank contributed to lowering fears of higher interest rates yesterday by imposing a fixed interest rate of 3.50 per cent for its latest one-month securities refinancing operation with German banks.

Brussels merger plan defended

BY WILLIAM DAWKINS

MR PETER Sutherland, the European Commissioner responsible for competition policy, yesterday defended his attempts to give Brussels wider controls over EC-wide mergers.

He told a meeting of the European Parliament's Economic and Monetary Affairs Committee that long-delayed proposals for EC merger legislation formed "an integral part" of the Community's drive to complete a fully free internal market by 1992.

A regulation which would give Brussels the power to vet in advance potentially anti-com-

petitive cross border takeovers has been held up in debate between national officials for the past 14 years. The Commission has given member states until November 30 to accept the scheme in principle, failing which, it is threatening to scrap the proposal and make wider use of existing competition rules, which only allow Brussels to vet takeovers after the event.

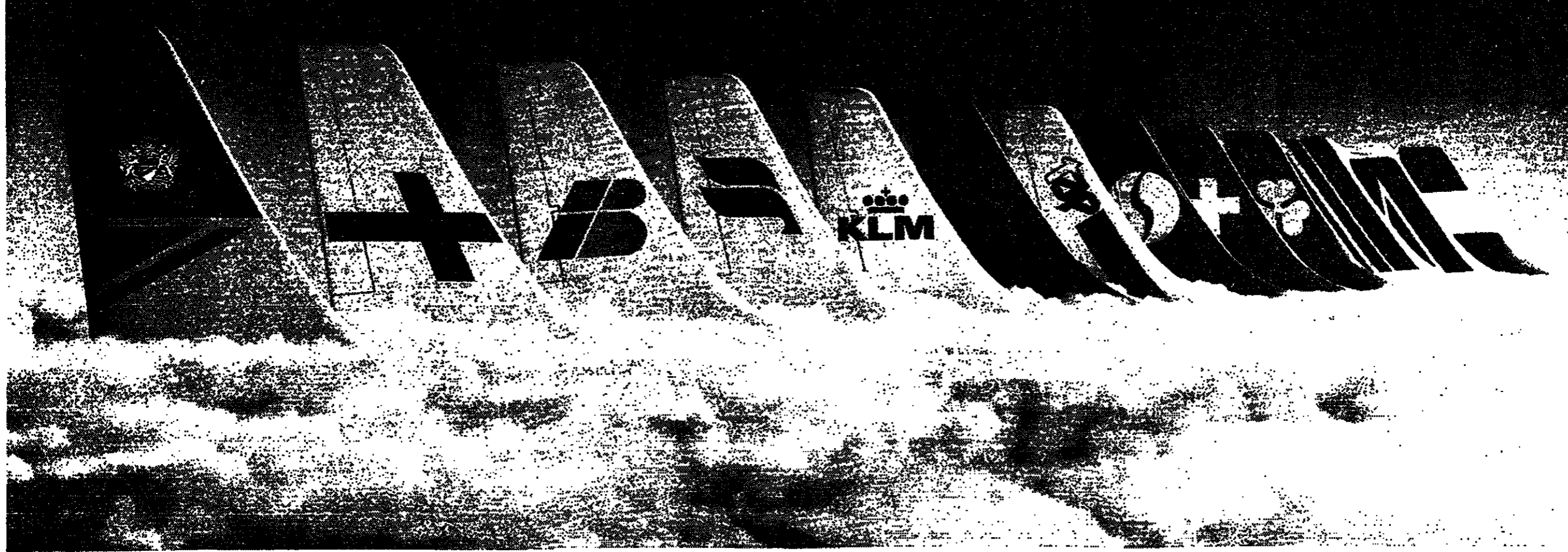
"Since competition increasingly operates in the context of international markets - and indeed even worldwide markets - the assessment of changes in

market structure should be made at Community level rather than national level," he said.

Britain, an otherwise keen advocate of the internal market, is more sceptical over EC merger control than any of its Community partners. It fears the proposal could unnecessarily hamper international takeovers.

However, Mr Sutherland emphasised yesterday: "Those who favour the completion of the internal market must logically favour a Community-wide regime."

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EUROPEAN NEWS

Andriana Ierodiaconou reports on a series of misfortunes haunting the Greek Government

Confidence ebbs as Papandreou ponders poll omens

ONE OF the most popular pastimes in Greek political life is trying to guess the date of the next general election and it has been a flourishing pastime since the September 22 reshuffle by Mr Andreas Papandreou, the Socialist Prime Minister.

The reshuffle, the thirteenth since the Pan Hellenic Socialist Movement (Pasok) came to power six years ago, restored a strong party presence to the Government by reinstating three senior party figures ousted from their ministerial jobs in the twelfth government change last February.

The next elections are due in June 1988, when Pasok's second four-year term in power, secured with 46 per cent of the vote in 1985, expires. But Mr Papandreou has the constitutional leeway to hold earlier elections should he judge such a move to be politically expedient.

At present, however, the Government is labouring under a massive crisis of confidence. It is only partly traceable to the stringent economic stabilisation measures and the pro-American shift in foreign policy introduced by Mr Papandreou on the heels of the 1985 elec-

tions, without either much warning to the public or consultation within his own party ranks.

For months, Greek press headlines, including those of left-wing newspapers broadly sympathetic to Pasok, have been dominated by news damaging to the Government, starting last winter with a barrage of allegations of misuse of funds in the public sector, which continues still. Summer, normally a time when the public turns its mind away from the blunders of its politicians towards the beach, provided no respite this year.

July's killer heatwave which led to hundreds of deaths and generated macabre chaos in state hospitals and cemeteries, followed by persistently high levels of atmospheric pollution in Athens through the first weeks of autumn, focussed attention mercilessly on the failure of the important "quality of life" plank in the Socialists' 1985 and 1985 election platform.

More recently newspapers have turned to an even more sensitive topic - the Prime Minister's private life.

The interest of Greece's nor-



Mrs Papandreou: under attack

mally tolerant press and public opinion was sparked by an injudicious newspaper attack, apparently organised by sources close to Mr Papandreou, on the political activities of the Prime Minister's dynamic American wife, Mrs Margaret Papandreou. Mrs Papandreou, founder of the feminist Union of Greek Women,

was attacked for allegedly planning to set up her own women's political party, reports she denied as "nonsense."

But the exchange was enough to spark off a series of Greek press articles, the substance of which has not been denied, claiming that Mr and Mrs Papandreou's marriage of 36 years was strained over the Prime Minister's alleged relationship with another woman.

While the political cost remains to be counted, the tenor of Greek public reaction was efficiently captured in a September 28 editorial carried in Ellinikotypia, a leading left-wing daily. "Everybody has the right to reject his private life being made public. But when the person concerned is a politician who embodies a nation's hopes for progress and change, more careful movements and a greater sensitivity to public reaction is required," the newspaper warned.

A set of opinion polls conducted last summer showed voter support for Pasok to have plunged to between 25 per cent and 28 per cent, a 10-year low. While internal dissent has prevented Mr Constantine Mitsotakis' Conservative New Democracy (ND) party, Pasok's main challenger, from capitalising fully on the Socialists' losses, the same polls nevertheless gave the Conservatives a 6 per cent to 7 per cent lead.

The sole encouraging figure for the Government is the high level of voters registering as undecided, ranging from 15 per cent to 30 per cent. Poll analysts believe most of the undecided to be disaffected leftists, in the ordinary subject to being wooed back to Pasok.

Against this background, some analysts argue that Mr Papandreou would profit by cutting his losses and holding early general elections in the spring of 1988. The Government, it is argued, could thus capitalise on the relaxation of wage policy it has promised in January 1988, to mark the formal end of the two-year stabilisation programme introduced in 1985.

This timing would also bring the elections forward to the conclusion of negotiations, expected to start in early November, for a renewal of the 1983 to 1985 agreement on the operation of the four US military bases in Greece. Renewing the bases' tenure could cost Mr Papandreou radical left votes, despite the Prime Minister's pledge to fight for an agreement which serves Greece's interests rather than those of its rival Turkey, and to submit any such agreement to a referendum before signature.

Meanwhile opposition parties on both the left and right have joined forces in demanding early elections now. The smaller parties, including the pro-Moscow Communist Party of Greece, are also calling for a change in the electoral system, which at present is weighed in favour of larger parties, to a direct proportional system under which the share of seats gained in the 300-member house would be directly equivalent to the share of votes.

So far the Government's response to all this has been the stock reiteration that elections will be held in 1989 and that the country enjoys an adequate electoral system. It is a central tenet of election prediction, however, that government statements on the timing and manner of the next elections are never to be taken at face value.

Spanish union's rift grows with government

BY TOM BURNS IN MADRID

THE GROWING estrangement between Spain's Socialist government and its "fraternal" trade union, the Union General de Trabajadores, gathered pace yesterday following the decision by Mr Nicolas Redondo, the UGT veteran leader, and the union's organising secretary, Mr Anton Saracibar, to resign their Socialist seats in parliament in protest at the government's budget proposals.

In a further hostile move towards the government, the UGT announced that it would co-sponsor a series of moves among public service employees and pensioners with its rival union, the Communist-led Workers Commissions, to protest against a 4 per cent ceiling on pensions and public sector wage rises that are outlined in the budget.

Mr Redondo, who has sat as a Socialist MP representing his native Bilbao since free elections were restored to Spain in 1977, has increasingly emerged as the chief critic of the pragmatic policies pursued by the government of Prime Minister Felipe Gonzalez, since it was elected to office in 1982. An austere one-time steel-

worker who was arrested on numerous occasions for his trade union activities during the Franco years, Mr Redondo, 60, is widely admired for his integrity and is hailed as the "socialist conscience" of the governing party.

Mr Redondo's decision to resign over the budget proposals for pensioners and public employees reflects his often stated belief that the government has veered excessively towards the right and favours businessmen and bankers rather than its own working class rank and file.

Following his resignation Mr Redondo will be under pressure to serve as a rallying point for the left-wing of the party in the run-up to the Socialist Party's congress, held every three years, which is scheduled for next January. The party is due to debate a controversial amendment that seeks to drop its self-definition as the party of the working class.

Mr Redondo has, however, consistently stated that his chief aim is to gradually sever the links between the party and the UGT and consolidate the trade union's independence from the party.

Yugoslavia plans legislation for debt-equity swaps

BY MARGIE LINDSAY

YUGOSLAVIA should have legislation in place by June 1988 which will allow debt-equity swaps. According to Mr Svetozar Rikanovic, the Federal Secretary of Yugoslavia, the country first needs to adjust the legal system in order to allow this type of investment.

Laws providing for debt-equity swaps are not yet in place, said Mr Rikanovic. "Ahead of us is the very serious business of adapting our legal system to this," he said.

An analysis of how debt-equity swaps could be used to help Yugoslavia over its present financial crisis has already been prepared, along with new laws which would encourage foreign companies to buy debt at a discount. However, it would be unrealistic to expect legislation to be in place before the first half of next year.

"We also stand open to some innovative solutions (to the debt problem) like debt repayment in diamonds... which means

new possibilities and forms for more sizeable foreign investments in Yugoslavia," said Mr Rikanovic, speaking in London this week.

Mr Rikanovic hopes the new economic programme, formally announced in the Federal Assembly (parliament) this week by the Prime Minister, Mr Branko Mikulic, will lead to fresh injections of Western investment in Yugoslav industry.

During his London visit, Mr

Rikanovic met Mr Nigel Lawson, the British Chancellor of the Exchequer, and Sir Geoffrey Howe, Foreign Secretary. He explained the growing crisis in Yugoslavia and what measures the country was taking to reduce inflation and boost business confidence.

Mr Rikanovic said the talks were very interesting for both sides and that Mr Lawson and Sir Geoffrey believed the economic programme being debated in Yugoslavia could bring about positive results.

But British creditors and the Government are waiting to see positive signs from Belgrade.

This week Mr Robin Leigh-Pemberton, the Bank of England Governor, is in Belgrade to talk with his opposite number in the National Bank. His visit is the first by a governor of the bank since 1978.

At the end of the month, the Yugoslavs will meet their Western creditors in New York in an attempt to agree rescheduling of the country's foreign debt, now totalling \$20bn.

Poles may turn to West for aircraft

A SENIOR government official has hinted that Poland is considering equipping Lot, the national airline, which has traditionally been supplied by the Soviet Union, with some Western aircraft. Christopher Robinson reports from Warsaw.

The statement came from Mr Zbigniew Szalajda, the Deputy Premier responsible for industry, who headed the government's inquiry into the crash of a Lot Ilyushin 62-M airliner last May. The inquiry recommended enhanced safety and maintenance procedures for Lot's Soviet-built IL 62-Ms.

On the issue of equipment for Lot, which until recently was a taboo subject in the media, Mr Szalajda said: "We are talking to our traditional Soviet supplier to whom we want to go to re-equip the airline, but I do not exclude the possibility of supplementing the Lot fleet by other suppliers."

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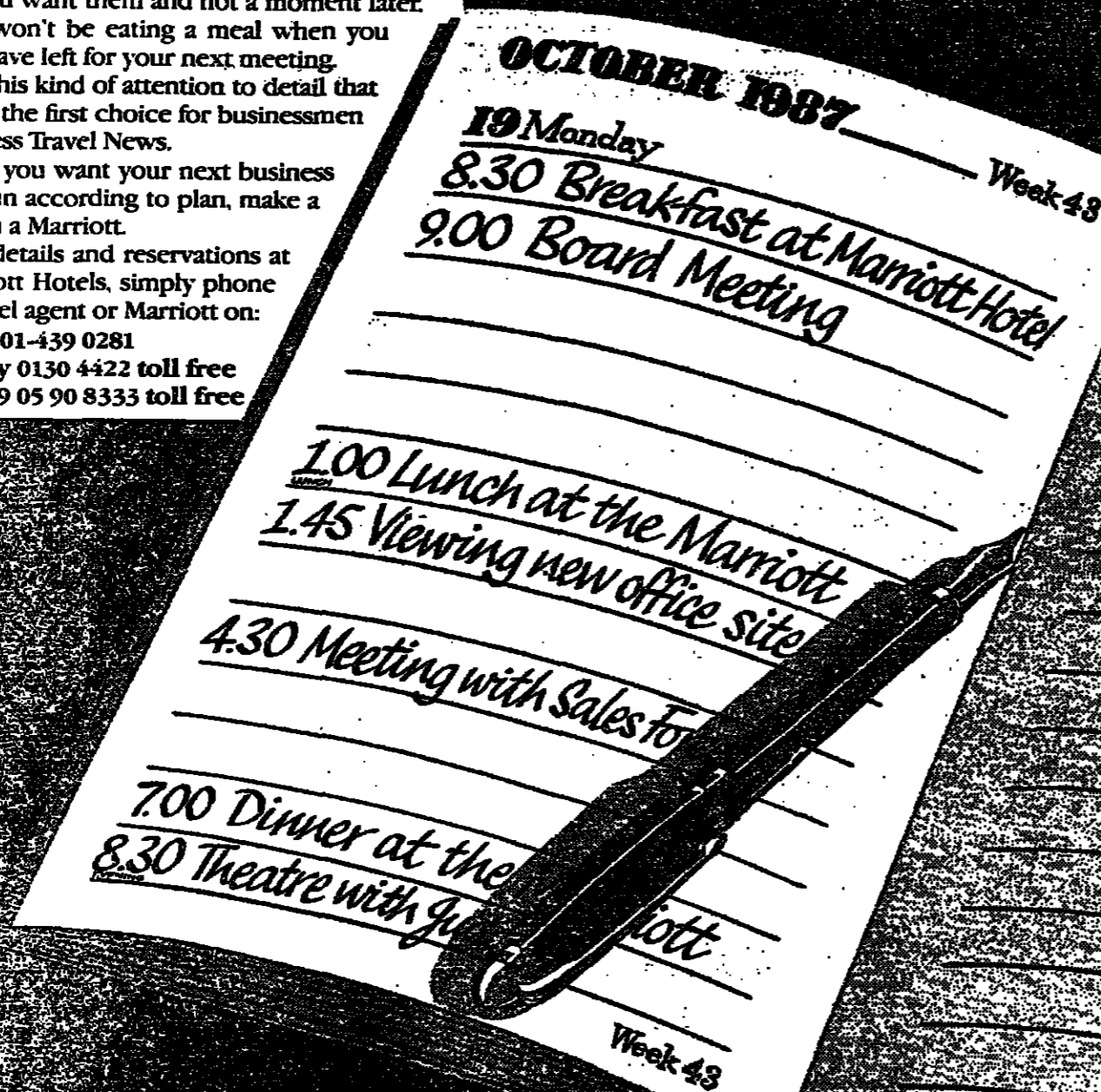
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VANSA VANADIUM S.A. LIMITED

(Incorporated in South Africa)
Registration No. 84/11475/08
("Vansa")

Rights offer of linked units of shares and unsecured compulsorily convertible debentures in Barplats Investments Limited ("Barplats")

The directors of Rand Mines and Vansa announced on 7 October 1987 that Barplats will raise approximately R360 million by way of a rights offer to its shareholders of 1 162 000 linked units at R310 per linked unit comprising:

- (a) ten shares of one cent each at a price of R15 per share; and
- (b) eight 8 per cent unsecured compulsorily convertible debentures of R20 each at par; and that Rand Mines and Vansa would renounce a portion of their entitlements in favour of their respective shareholders.

Stock Exchange Listing

- The Johannesburg Stock Exchange ("the JSE") has granted a listing for:
- (a) 1 162 000 renounceable (nil paid) letters of allocation ("the letter of allocation") from Monday, 26 October 1987 to Wednesday, 18 November 1987;
- (b) 29 142 491 ordinary shares of one cent each from Thursday, 19 November 1987, and
- (c) 8 296 000 per cent convertible debentures of R20 each from Thursday, 19 November 1987.

Rights offer

Rand Mines' shareholders registered as such on Friday, 23 October 1987 will be entitled to linked units in Barplats at R310 per linked unit in the ratio of two linked units for every 100 Rand Mines shares held.

Vansa shareholders, convertible preference shareholders and optionholders registered as such on Friday, 23 October 1987 will be entitled to linked units in Barplats at R310 per linked unit in the ratio of one linked unit for every 100 ordinary shares, convertible preference shares or options held.

Salient dates

- The salient dates of the rights offers will be:
- Listing of the letters of allocation Monday, 26 October 1987
- Rights offers open Friday, 30 October 1987
- Last day for dealing in letters of allocation Wednesday, 18 November 1987
- Last day for splitting letters of allocation in London (14h30) Wednesday, 18 November 1987
- Last day for splitting letters of allocation in Johannesburg (14h30) Thursday, 19 November 1987
- Listing of Barplats shares and convertible debentures commences Thursday, 19 November 1987
- Rights offer closes (14h30) Friday, 20 November 1987
- Last day for postal acceptances posted on or before Friday, 20 November 1987 Wednesday, 25 November 1987
- Share certificates posted on Wednesday, 2 December 1987

All times given are local times

Circulars to shareholders

Circulars containing full details of the rights offer, together with the letters of allocation and the Barplats' prospectus, will be posted on Friday, 30 October 1987 to Rand Mines and Vansa shareholders and optionholders registered as such on Friday, 23 October 1987. Copies of the rights offer circulars will be available for inspection at Hill Samuel Registrars Limited, 6 Greenock Place, London SW1P 1PL.

Johannesburg
22 October 1987

RANK XEROX

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menus" and "pop-up property sheets" are designed to support the way people naturally handle information. At the same time, the "working desk-top view" puts the whole office environment manageably at your fingertips. "Ethernet" is modelled on the way people interact in groups. It connects computers, workstations, electronic files and printers so information can be shared. Using electronic scanning you can even capture illustrations and hardcopy documents. Personal workstations enable you to see on the screen exactly what you'll get in print, so you

can publish your message in well presented "compound documents".

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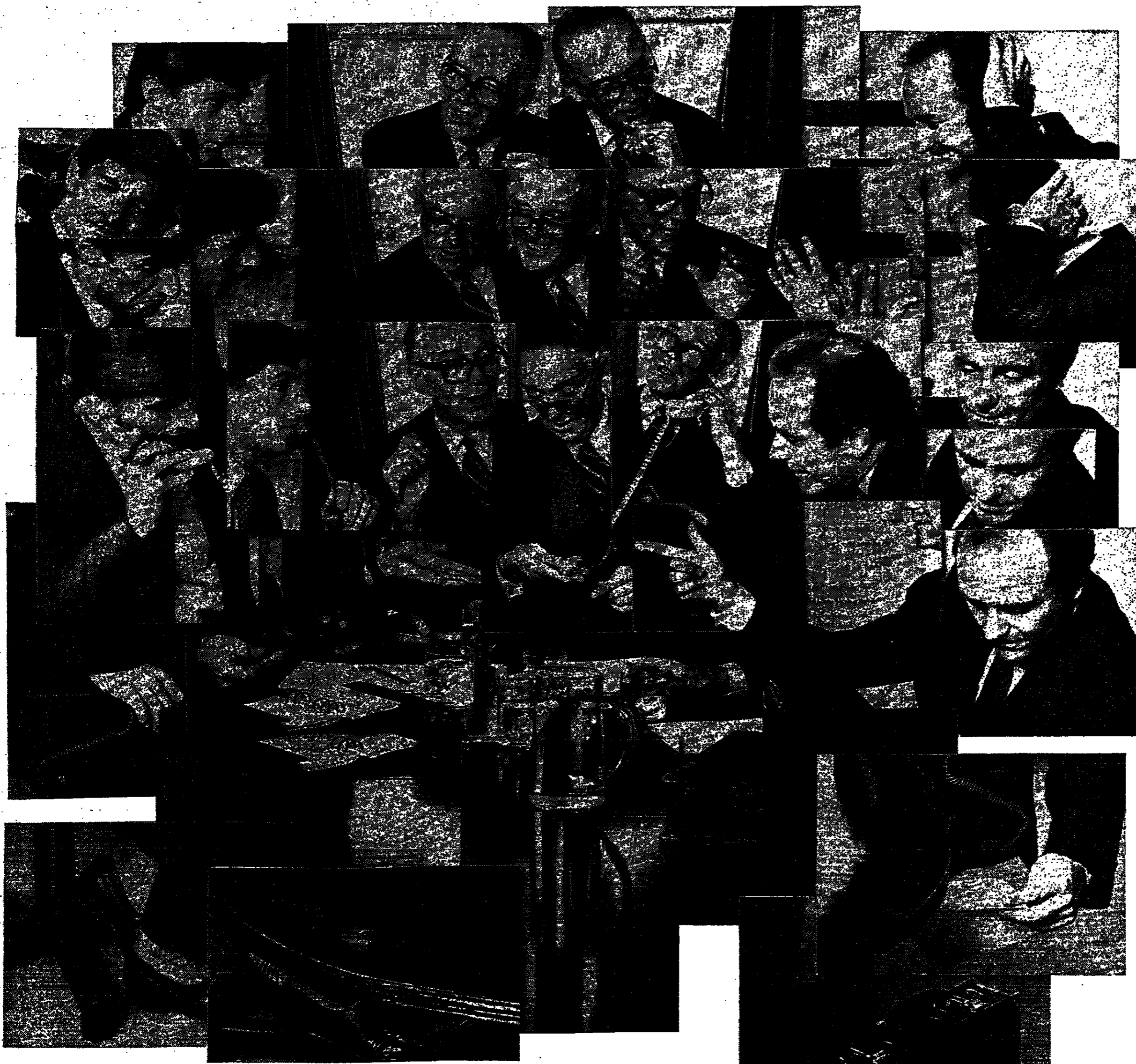
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OVERSEAS NEWS

Antagonists play for high stakes in Angolan conflict

WORSENING military confrontation in the bush country of southern Angola is, on the face of it, a carbon copy of the situation two years ago. But this time the international stakes appear to be higher.

Heavily-armed government troops, supported by Cuba and the Soviet Union, are hoping to capture the airstrip at Mavinga - which is long enough to take lumbering Soviet transport planes - before advancing on the headquarters of the US-backed Unita rebels at Jamba further south.

Dr Jonas Savimbi, the rebel leader, is hoping for timely South African air strikes and for early rains to bog down the mechanised forces of the enemy. His men are dug into bunkers and foxholes around Mavinga, once a pretty Portuguese town but now a shell.

Two years ago the Government suffered a crushing defeat at the Lomba River just north of Mavinga when South African jets based in neighbouring Namibia, apparently taking advantage of a brief lapse in the Government's air defences, destroyed a densely-packed armoured column advancing on Mavinga.

Battle lines have been drawn again, Victor Mallet reports

Since then the involvement of the two superpowers in the 12-year-old civil war has steadily increased.

Although the two former Portuguese colonies of Mozambique and Angola have suffered comparable levels of devastation, Angola's war, funded on the government side by exports of oil, employs immeasurably more hardware.

For the past year Soviet armaments - \$1.5 billion worth according to US officials - have been pouring into Angola. Transport planes queue up at the airport in Luanda to ferry the equipment south.

Dr Savimbi now believes that he is faced with the Government's most determined offensive yet, and says that there are more than 18,000 troops, led by a Soviet general and supported by 100 tanks, poised to attack Mavinga.

Units is not without allies. The South Africans publicly acknowledge that they support Unita, which they regard as a useful force for keeping Angola weak and for hampering infiltration into Namibia by nationalist guerrillas of the South West Africa Peoples Organisation.

When South African soldiers die, it usually happens in what is officially called "the operational area" - a flexible zone stretching from northern Namibia to somewhere in Angola. In addition South Africa has a special battalion composed largely of black Angolan exiles for operations north of the Namibian border.

Units, which already takes advantage of Angola's porous

borders with Zaire and Zambia, is now also supplied with weapons by the US through Zaire. Dr Savimbi visited the US and saw President Ronald Reagan last year and is reported to have been provided with sophisticated Stinger anti-aircraft missiles.

There is always a slim possibility that South Africans and Russians will one day stumble across each other in Angola, but neither of the major players behind the scenes is keen to become too deeply embroiled in the Angolan conflict.

South Africa is unwilling to risk its ageing, if well-piloted Mirage jets against an Angolan airforce equipped with modern Soviet fighters and supported by a line of Cuban-run air defences running from Lubango to Cuito Cuanavale. Recent unconfirmed reports suggest that Luanda is now using its new MIG 23s, which if true will make South Africa's efforts to provide air cover for its forces on the ground more hazardous.

The Pretoria Government prefers small-scale forays and sabotage raids by commandos and even these can go wrong, as Major Wynand du Toit discovered when he was captured in the far north of Angola near some oil installations in 1985. He eventually returned home last month after a prisoner exchange involving 133 Angolans held by Unita.

The South African authorities do not want too many white soldiers killed in an unpopular foreign war, and the same could be said of the Russians. They and the Cubans generally stay well away from the front line, to the chagrin of the Angolan conscripts following their orders.

Whatever happens in southern Angola before the onset of the rains, it is not likely to bring any nearer a solution to the conflict in Namibia, with South Africa and the US still insisting on the withdrawal of some 30,000 Cuban troops from Angola as a condition for Namibian independence.



Units, fielding about 60,000 men against the Government's 100,000, holds no major towns but operates all over the country.

Iran offers to 'call it quits' after revenge

BY TONY WALKER IN DUBAI

IRAN said yesterday it was determined to get even with the United States following the US attack on Monday on two Iranian oil platforms in the Gulf and "call it quits".

Mr Mir-Hossein Mousavi, Iran's Prime Minister, was quoted by IRNA, the Iranian news agency, as saying that "after we deal our reprisal blow we will call it quits".

It was unclear whether this was an implied invitation to the US to halt further tit-for-tat strikes in the Gulf.

Mr Mousavi was speaking to the Iranian press on board his aircraft on his way back to Tehran from Syria where he had been consulting with the Syrian leadership.

According to IRNA, Mr Mousavi disclosed that the "US has sent a message through Syria saying if Iran does not retaliate... Washington will halt provocations".

Our response to the message was we will not let the blow go unanswered, compromise is impossible and we will retaliate (against the attack), IRNA quoted Mr Mousavi as saying.

Gulf states are meanwhile bracing themselves for an Iranian reprisal. The mood in Kuwait is jittery.

Oil and port officials on the Saudi-Kuwait border were quoted as saying that all oil refineries and export terminals were operating normally.

According to shipping sources, eight tug boats were clustered around the Rostam platform in an effort to extinguish the blaze and cap the well. Eye-witnesses reported flames and smoke billowing hundreds of metres into the air.

Iranian jets have resumed air strikes in the Gulf after a break of eight days. In Baghdad a military spokesman said aircraft struck a maritime target near the Iranian Kuwaiti border on Tuesday. There was no independent confirmation that a vessel had been hit.

A fresh American convoy was heading yesterday for the Sea of Oman outside the Gulf. Two tankers, the 80,000-tonne Ocean City and the 46,000-tonne Gas King, were being escorted by two US warships.

Iranian King reports from Kuwait that the American Embassy strongly denied reports of an explosion yesterday at the Mina Saud power station and was succeeded by Ali Hassan Mwinyi. Mr Nyerere had said at the time that he would relinquish the party post this year.

Indians offer surrender terms to Jaffna Tamils

INDIAN FORCES besieging Jaffna town in northern Sri Lanka renewed appeals yesterday to trapped Liberation Tigers of Tamil Eelam guerrillas to surrender their arms. Reuter reports from Colombo.

An Indian High Commission official told reporters that leaflets were being dropped over rebel areas assuring them of full security and protection if they surrendered their arms. The same message was being repeated constantly over radio and by loud speakers in Tamil and English.

But the official stressed there would be no letup in the Indian military drive against the guerrillas holed up in Jaffna. She said the surrender call was renewed because rebel radio intercepts "clearly indicated that a large number of... cadres are in favour of surrendering their arms".

She said the surrender message was specifically directed at Tiger cadres. Under its terms

"militants who hand over their arms will be provided full security and protection by the peace-keeping force. They will also be granted full amnesty".

The official said house-to-house fighting was going on as Indian troops moved towards the center of town. She said in 12 days of fighting, 127 Indian troops have been killed, 370 wounded and 27 listed as missing in action. Rebel losses were given as 607 killed, based on a body-count, and more than 280 captured.

In the first independent eyewitness account of the fighting in Jaffna, a Sri Lankan correspondent working for Reuters who could not be named for security reasons, said the Tigers were holding off the Indian troops at the outskirts.

India began its attack on October 10 to enforce the July 29 Indo-Sri Lankan peace accord giving Tamils more autonomy in the north and east.

S Africa peace talks fail

TALES BETWEEN the United Democratic Front and the Inkatha organisation have failed to end a year of growing violence in Pietermaritzburg's black townships. Jim Jones reports from Johannesburg.

The violence, scarcely noted in official police reports, has claimed the lives of more than 30 people in the past year and 42 in the past month, and is escalating with almost daily evidence of maimings, petrol bomb attacks on homes, stoning of motor vehicles and killings.

At its simplest level the fighting is about which black group will control the Natal capital's black townships. Inkatha draws most of its support from Zulus and is generally regarded as more conservative than the UDF, an umbrella anti-apartheid organisation of unions and civic groups. The UDF is detested by the Botha government while Inkatha is, at best, tolerated.

Nyerere to keep key post

By Michael Holman, Africa Editor

TANZANIA'S former president, Mr Julius Nyerere, looks set to extend his term as chairman of the country's ruling party and thus retain a powerful political influence.

The executive committee of the Chama Cha Mapinduzi party meeting in the capital Dodoma, at the start of a ten-day national conference, yesterday nominated Mr Nyerere for a further term as chairman. Three years ago he stood down as president and was succeeded by Ali Hassan Mwinyi. Mr Nyerere had said at the time that he would relinquish the party post this year.

Under Mr Mwinyi, Tanzania has resolved its differences with the International Monetary Fund and World Bank and begun to encourage the private sector. Mr Nyerere's nomination as chairman is almost certain to be confirmed next week by the party congress.

Philippine police break up illegal strikes

BY RICHARD GOURLAY IN MANILA

PHILIPPINE police began breaking up illegal strikes throughout Manila yesterday following President Corason Aquino's pledge to businessmen on Tuesday to crack down on militant unions, many of which have ties with the Communist Party of the Philippines.

The police started by removing small camps and barricades that have grown up around illegal picket lines and which increasingly symbolised how the Government was not applying clear labour laws.

Businessmen, politicians and foreign bankers yesterday strongly welcomed the actions Mrs Aquino has already ordered to back up her get-tough policy on illegal strikes. They also welcomed her comments on many of the issues that have Government is adamant without direction after a failed coup on August 28.

Mrs Aquino came across as ready and more than willing to confront the threats to her Government from communist-led guerrillas and renegade military rebels. She poured scorn on the old-style politicians trying to destabilise her Government and who, she said, were trying to regain their past privileges through the back door.

have blocked all doors to power except elections in 1992, Mrs Aquino said.

She told the previously sceptical business community that she would drop her method of governing by consensus, pledging that "henceforth, I shall rule directly as President" and immediately issued some very hands-on orders to clear Manila's streets of rubbish.

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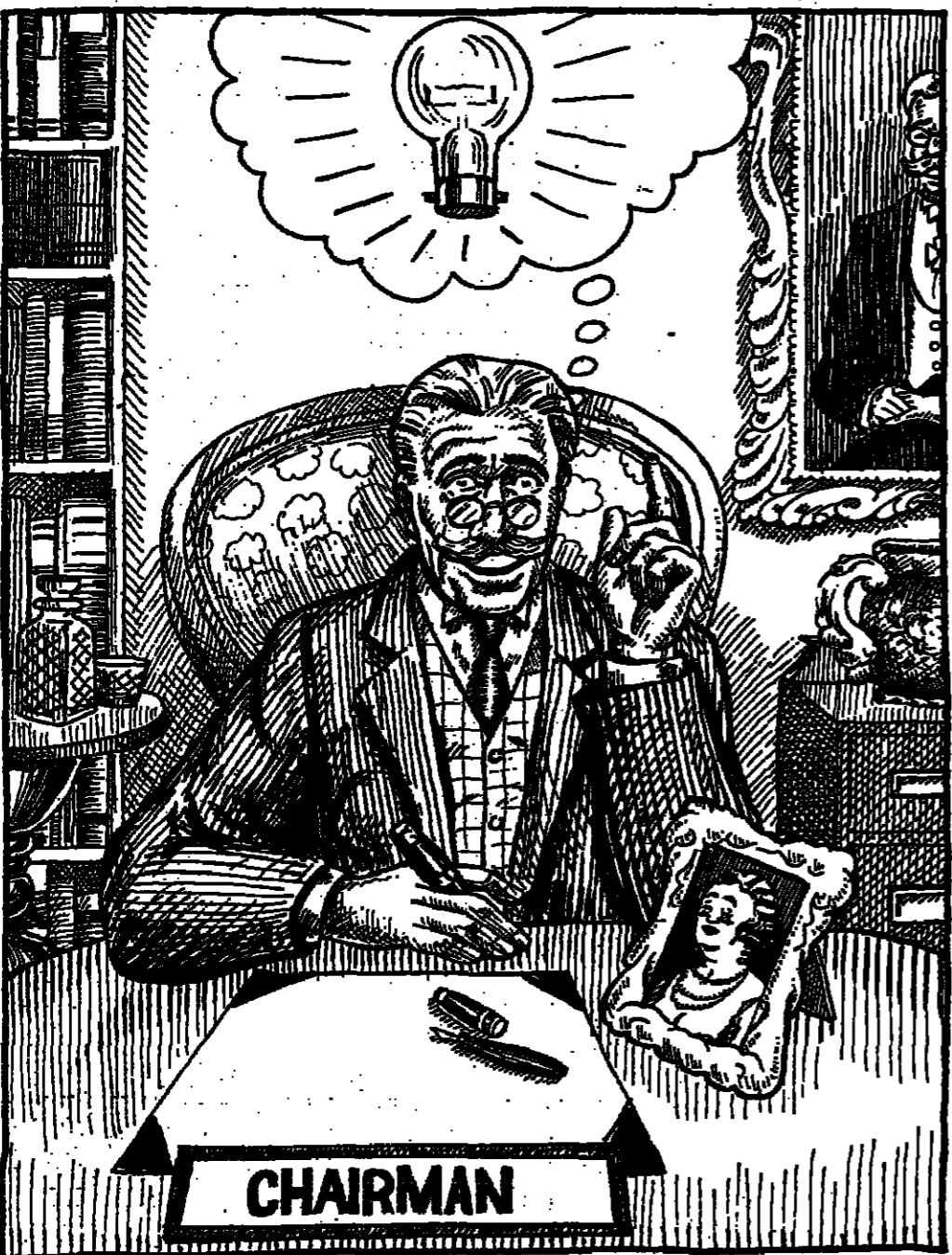
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"AHA!" THOUGHT PHILIP AGAIN!



"NO PROBLEM!" THEY SAID CHEERFULLY.

AMERICAN NEWS

Reagan under pressure to tackle US budget deficit

BY STEWART FLEMING, US EDITOR IN WASHINGTON

ON Tuesday evening with the blades of the helicopter which would take him to see his wife at Bethesda Naval Hospital whirring noisily in the background President Ronald Reagan shouted bitterly to reporters gathered on the White House lawn "The Congress is responsible for the deficit."

The President had just finished reading a statement prepared earlier in the afternoon by Mr Howard Baker, his Chief of Staff, Mr James Baker, the Treasury Secretary, and Mr Alan Greenspan, the Federal Reserve Board Chairman, and aimed at calming financial markets whose spectacular gyrations are threatening to tip the US economy into recession.

As the centrepiece of that statement Mr Reagan held out what appeared to be the hand of conciliation to critics on Capitol Hill who had been buying throughout the day for the President to drop his obstinate opposition to a tax increase as part of a budget deficit compromise and to hold a "summit" meeting with them to hammer out an accord.

For the first time he signalled that he was ready to meet with Congressional leaders to try to reach agreement on a budget deficit reduction package.

Mr Reagan had read his lines like the good trouper he is. But now, as he was about to return

to private life his gut instincts, his 30 years of fighting what he sees as the profligate pork barrel politics which has produced his country's trillion dollar Federal budget could be suppressed no more.

"You mentioned the Democrats," the 76-year-old President shouted over the noise of the helicopter engines. "For virtually half a century or more they have controlled both Houses of the Congress. And for more than half a century there has been, with only single year exceptions, a budget deficit."

Now Mr Reagan is clearly under heavy pressure to tackle the budget deficit. On Capitol Hill it is not just the Democrats, who as in 1984, have put their names again on the need for a tax increase to solve the problem and get them off this electoral hook who are pressing.

Republican Senators like Mr Robert Dole and Mr Alexander Haig have been pressuring the President to provide leadership and tackle the deficit issue.

And there is of course the pressure from Wall Street which is anxiously watching to see whether the collapse of world stock markets will trigger an outbreak of fiscal responsibility in Washington.

It is far from clear, however, just what Mr Reagan's vague commitment to enter into talks

with Capitol Hill will add up to. Those in his party, who with an eye on next year's elections, fear that Wall Street's collapse could trigger a recession and believe a deficit compromise is needed to avoid that political disaster, would like to see Mr Reagan fulfil the implicit pledge he made on Tuesday and cut a budget deal.

But Mr Reagan is clearly in no mood in his last year in office to sully his political legacy by conceding anything which his political opponents could convincingly label a tax increase.

On the other hand the fact that Mr Reagan was prevailed upon to make the statement his top financial advisers said was needed, just as they had insisted on the eve of the International Monetary Fund annual meeting that the sign the new Gramm-Rudman-Hollings deficit reduction package, does suggest that moderates like the two Bakers may be able to inch the President towards compromise.

Neither Wall Street nor the West German Government should raise their hopes too high however. Mr Jim Wright, the House Speaker, can try to raise the ante, as he did on Tuesday, by calling for the President to go beyond the \$23bn deficit reduction package which Congress is now working on under the new Gramm-Rudman-Hollings law. But even Demo-



Ronald Reagan: hand of conciliation

cratic budget experts on Capitol Hill say that this is the most that can be anticipated.

As a symbolic step, and one which could help to pave the way to a more vigorous attack on the deficit in 1989 (if we get there without a recession) such a compromise, if consummated, is significant. But as Dr Henry Kaufman, the Salomon Brothers economist, pointed out in an interview on public television on Tuesday night after listening to Mr Miller and Rep. William Gray, the chairman of the House Budget Committee, bickering on the same programme: "I hear considerable acrimony and differences as to what would occur. This to me is very disappointing for even if a budget compromise is agreed it would leave the 1989 deficit on current (optimistic) forecasts at \$162bn,

Canute James on problems facing a plan for unity among Caribbean states

Islands fail to bridge differences

A PLAN by seven small, eastern Caribbean islands to merge into a single state has lost much of the steam which accompanied the announcement earlier this year.

The enthusiasm has evaporated and has been replaced by attacks by some leaders on their colleagues, by proposals for alternative mergers, and by ambivalence as some of the leaders re-think the feasibility of the federation.

One leader has said bluntly that he wants no part of a unitary state, and three others have considerably tempered their original support, leaving the others with more than a small degree of difficulty in maintaining credibility in the idea.

The seven countries - St Lucia, Dominica, Grenada, St Vincent, St Kitts, Antigua and Montserrat - had agreed in principle to create a unitary state with a population of 550,000 over 1,000 sq m.

Some leaders had suggested a federal republic based on a constitution to be put to a referendum in the islands. They argued that such a union would make economic sense for the small states.

The effort has been hit, however, by the blunt rejection of the plans by Mr Vere Bird sr, the Prime Minister of Antigua, who says his country had no interest in being part of a new form of colonialism.

Mr Bird has bitterly attacked the Prime Ministers of St Lucia, St Vincent and Dominica - firm support-

ers of the federal idea - claiming they tried to dissuade France from giving Antigua a loan to rehabilitate the island's airport.

"They went to the French and protested against them lending us the money," Mr Bird said. "So if they get us into this unitary state, we know what they are going to do to us."

It is confusing, for while rejecting the proposed federation, Mr Bird has said he intends seeking some association of his island with St Kitts and Montserrat for "greater functional co-operation" in the eastern Caribbean.

While the leaders of these two islands, and of Grenada, have not publicly withdrawn their interest in being part of a federation, they have not been speaking in support of the idea.

All this, however, has apparently not dampened the enthusiasm for the federation among the leaders of St Lucia, Dominica and St Vincent.

Mr John Compton, Prime Minister of St Lucia, has repeatedly argued the case for the federation, saying it is a political and economic necessity.

He rejects suggestions that, under the federation, freedom of movement between the islands would be to the detriment of some members.

"There is no point in talking about political union and one single government, if its citizens cannot

move around or work or live in their own country," Mr Compton says. "These islands are at about the same level of economic development and, except for Montserrat, we have about the same population - 100,000 more or less - so there is no reason why there should be a mad rush from one to the other."

Opposition parties in the seven islands say they support the federation plan, but insist that it must be approached in a more orderly fashion.

Mr Oscar Allen, leader of the United Peoples' Movement in St Vincent, suggests that the current proposals for a unitary state are based on the failure of the economic policies of the current administrations. He said a new and carefully planned approach is needed instead of the "hasty and undemocratic initiative" which is proposed.

There is also concern within some sections of the regions' business communities that the regions' political leaders are really prepared for a merger.

"Is there really any widespread political will for unity?" asks Mr Ricky Skerrett, executive director of the St Kitts Chamber of Industry and Commerce.

"We know that one or two countries have expressed either total disagreement or strong reservations. The business community is sceptical about whether the politi-

cians in the region are serious about political unity."

The eastern Caribbean islands, whose economies are based on bananas, spices and tourism, have a history of economic co-operation which could provide the basis of political unity, all being members of the Organisation of Eastern Caribbean States, a sub-group of the Caribbean Economic Community. They have a common currency and central bank.

Mr William Demes, Caribbean Development Bank President, feels that this provides a basis for viable political unity. "Because of their small size, these countries could benefit from having a single, unified and truly common market for goods and services, capital and manpower," he argues. "There needs to be a total pooling of markets and resources among all the countries."

But he warns that political integration on its own is not enough to solve the financial and economic problems of the small islands. "Political union is a necessary, but not a sufficient condition for achieving these highly desirable goals."

Government officials in the three countries, who still actively back the planned federation, say the inclination of the governments is towards going ahead with the creation of a unitary state, rather than abandoning the effort.



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Brazil offers token interest payment

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL is ready to make a token interest payment on its \$68bn of longer term commercial bank debt only if the banks commit themselves to a three year rescheduling agreement covering 1987-1989.

That was the unequivocal position of Mr Luis Carlos Bresser Pereira, the Brazilian Finance Minister, just three working days before US bank regulators must decide on whether to downgrade the status of the country's debt to "value impaired".

Both the US banks and the Brazilians are anxious to avert a downgrading next Monday, fearing that this would merely harden negotiating stances. But as talks were continuing in New York yesterday there still appeared to be clear differences between the two sides.

Speculation has mounted, however, that the US regulators may feel unable to reduce the status of Brazilian debt following the dramatic events on Wall Street this week for fear of provoking new falls in bank shares.

Speaking in Brasilia on Tuesday, Mr Bresser insisted that Brazil could not accept the banks' proposals for a substantial payment of interest suspended since the country's February 20 moratorium. He claimed that pressure

from the banks to pay all the outstanding interest falling due for the first half amounted to an effort to force Brazil to end its moratorium.

They speak about a token payment, but this amounts to a provisional settlement of 1987," the minister said. "Brazil cannot accept because it wants to negotiate the debt for the next three years and make a real advance on the terms won by Argentina, Mexico and the Philippines."

"If we make a provisional agreement the negotiations will take much more time. That's bad for the banks, bad for the US and bad for the capitalist world." He added that Brazilian foreign exchange reserves - believed to be at about \$4bn - and continuing payments of the \$8.5bn due this year to cover foreign creditors and institutions made a full payment of the \$4.3bn in 1987 commercial bank interest impossible.

But the minister said he would be able to make a "token payment" as a goodwill gesture as long as the banks agreed to negotiate without demanding from Brazil that the outcome be linked to an accord with the International Monetary Fund and as long as the banks also agreed on the simultaneous exchange of new loans for interest payments and on progress on procedural issues.

Solow wins Nobel prize for economics

BY SARA WEBB IN STOCKHOLM

THE 1987 Nobel Economics Prize was yesterday awarded to Professor Robert M Solow of the Massachusetts Institute of Technology for his contribution to the theory of economic growth.

The Royal Swedish Academy of Sciences said Professor Solow had made "exceptional contributions towards the study of factors which permit production growth and increased welfare."

Prof Solow, 63, is considered to have influenced questions of long term economic growth, which were topical in the 1950s and 1960s but have since become unfashionable.

His most important work was carried out in the 1950s; his growth theory model was presented in 1956 in an article entitled "A contribution to the theory of economic growth." This model proved highly influential and spawned a host of so-called neo-classical growth models in the 1950s and 1960s leading to a better understanding of the long-term growth of economies.

Prof Solow's main contribution was the analysis of the possibility of changing the proportions of capital and labour used

in production. By contrast previous growth theory had assumed strictly fixed proportions.

Prof Solow laid the foundations for "growth accounting." His analyses showed that only a small proportion of annual growth could be explained by increases in inputs of labour and capital, and that the distribution of GNP between wages and profits was not affected by technical change.

In the 1970s, he studied the role played by natural resources in economic growth and environmental consequences of growth. More recently he has concentrated on macro-economic questions involving unemployment and economic policy, and has been a member of the US President's Council of Economic Advisers. He has been professor of economics at MIT since 1958.

He is a strong Keynesian noted for his great resistance to monetarist ideas. On one occasion, he was taken to task for lumping all the monetarists together - to which he replied that to a puddle, all puddles look different, but to everybody else, all puddles look the same.

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WORLD TRADE NEWS

Japanese machine tool exports to EC fall sharply

EXPORTS to Europe of Japanese machine tools, an emotive industrial issue within the EC, slumped by 30 per cent during the first half of this year.

This severe fall has bemused some European machine tool makers, who have been pressing the European Commission to take action against the level of Japanese imports, though the machine tool industry itself is not sure what that could be.

On the face of it the import figures, collected by Cecimo, the European machine tool makers' committee, reinforce what Japanese machine tool makers have been telling their

There is evidence that the Japanese are switching strategy - installing more capacity in Europe.

European competitors: that their production and exports are down this year by between 20 and 30 per cent. Most of Japan's biggest machine tool makers have been making losses.

At the same time, there is now strong evidence that the Japanese are switching strategy by installing more assembly and production capacity in Europe. Japanese machine tool makers have spent a lot of money doing this in the US. Now, within the past year or so, at least seven Japanese companies have either started production in Europe, announced that they will do so, or have raised to above 50 per cent their stakes in European machine tool companies.

However, European machine tool makers are suspicious about the Japanese import figures. Mr Lascien Rama, Cecimo's general secretary, says they might reflect a worsening of the European machine tool market, not a fall in Japanese production. Measured by value, the Japanese had 4.5 per cent of the European machine tool market in 1986, 5.1 per cent in 1985 and 5.9 per cent last year. In machining centres and lathes, where the Japanese have targeted their sales, their market share is

about 25 per cent. Cecimo is also worried that the volume of Japanese imports is probably hidden by re-exporting from European countries with changed country-of-origin tags.

For example, exports of machine tools from Belgium jumped from SFr 325m (\$233m) in 1985 to SFr 473m last year. Belgium is a minor machine tool maker, and most of these exports are believed to be Japanese machines.

The issue of re-exporting also affects exports from the Netherlands, Austria and the Republic of Ireland.

Last year, there was a very large influx of Japanese machines into the UK. "We still do not know what this means," Mr Rama said this week at Milan's big Ema machine tool exhibition. "It is possible that Japanese machines come in via the United States to the UK and are then re-exported as UK machines."

The apparent steep decline in Japanese machine tool exports to Europe will not make it easier for European companies seeking help from the EC Commission.

The Italian industry, in particular, seems very nervous about what the Japanese will do next because it believes the Italian market will now be a principal target for Japan's machine tool companies.

The Europeans, though, do not seem to know what they want the Commission to do. Mr Rama said that tariffs would not be a good thing because they could make European companies

lose. European machine tool makers argue they are just as competitive as the Japanese. They point to the 4.5 per cent of the Japanese machine tool market taken by Europeans in 1985 as evidence of that.

One of their main bones of contention appears to be the hours worked by Japanese machine tool companies. Cecimo says the average European company works about 1,600 hours a year but Japanese competitors average 2,200 hours to 2,400 hours a year, very little paid as overtime.

Chinese sign deal with C&W

By Lyndon McLean

CABLE & Wireless, the UK telecommunications company, has signed a joint co-operation agreement with the post and telecommunications administration of Tianjin province, in the People's Republic of China. The company has not disclosed the value of the agreement.

The agreement is for assisting the province in developing telecommunications services and was signed by Cable & Wireless and by Mr Zu Rong Chun, the director of the post and telecommunications on Tuesday.

Sir Eric Sharp, the chairman of Cable & Wireless said: "Cable & Wireless is pleased to be helping to improve telecommunications in Tianjin in a way which will also benefit Hong Kong and Macau."

The company already has several agreements and contracts with the People's Republic of China. These include a joint company, the Shenda Telephone company, with Shen Zhen, which operates a telephone network with 27,000 subscribers. Cable & Wireless has 49 per cent of the company and the Chinese authorities have the balance.

Cable & Wireless has also built a 1,000 km microwave link in Guangdong province.

David Owen reports on a law with constitutional implications Ottawa's unusual drug patent bill

THE MULRONEY government will be glad to see the back of bill C-22 - its proposals to change Canada's unusual drug patent law.

What began as a straightforward if controversial decision to extend patent protection for the brand-name pharmaceutical industry by a Government with a comfortable House of Commons majority has evolved into a constitutional debate with far-reaching implications.

In recent days, it has also prompted aspersions, cast by opposition MPs, about the Government's integrity at a time when a series of political scandals has already served to undermine its credibility.

Since its introduction in 1969, the multinational corporations which dominate Canada's brand-name drug market have been fighting for the softening or abolition of the contentious "compulsory licensing" system. This procedure forces foreign-based pharmaceutical suppliers to licence Canadian manufacturers to import and produce their patented prescription medicines in exchange for a 4 per cent royalty fee.

Canadian patent laws normally allow inventors of a new drug up to 17 years of exclusive production rights. Under compulsory licensing, however, generic manufacturers can start selling copies of patented drugs as soon as they are able. This can be as little as 4 years after the original hits the market.

Bill C-22 proposes instead to

grant manufacturers of new drugs 10 years of market exclusivity. Generic manufacturers can reduce the exclusivity period to 7 years if they agree to source the drug's active ingredients domestically. To keep drug prices under control during the initial monopoly period, the bill



Michael Wilson: concessions

would establish the Patented Medicines Price Review Board, empowered to remove compulsory licensing protection from any drug it found to be overpriced, together with one other in the offending firm's product range.

Not surprisingly, the bill has received the strong backing of the multinational drug companies, who have announced plans for well over C\$1bn of extra research and development

spending in Canada over the next eight years - a commitment which, they say, would be impossible without the promised additional patent protection.

However, it has been bitterly opposed by the generic manufacturers, who have carved out a C\$300m niche in the C\$2.3bn per annum Canadian pharmaceutical industry, and various consumer protection groups. They argue that the bill would result in higher drug prices and question the effectiveness of the proposed consumer watchdog.

Opponents of the bill have recently been joined by a somewhat unlikely ally in the shape of the Senate (the Canadian Upper House), which has twice stalled the legislation's passage by referring it to committee.

After the first hearing, the Senate sent back to the Commons its own version of new patent legislation, providing only 4 years of exclusivity for inventors of new drugs and a 14 per cent royalty fee, in line with recommendations made in a 1985 royal commission report on the industry drafted by Mr Harry Eastman, a Toronto economist.

These delaying tactics have infuriated Mr Harvie Andre, the Corporate Affairs Minister, who duly shepherded the bill through the Commons a second time in essentially unopposed form, and explain why the affair has acquired its constitutional dimension.

The bill's supporters contend that the unelected Senate,

which is still dominated by the Liberal appointees of the Trudeau era, has no right to frustrate the will of the elected representatives of the House of Commons. The Senate's stance has prompted calls for the right of the rarely-used veto which it retains over most Commons-promulgated legislation to be abolished.

Meanwhile persistent doubts over the precise relationship (if any) between bill C-22 and the tentative Canada-US free trade agreement are also posing problems for the Mulroney government. Over the years, the Reagan administration has made no secret of its desire for stronger Canadian drug patent legislation.

According to local press reports, a version of the pact, initiated by negotiators from both sides on October 3, included a commitment by Canada to pass the current bill. A subsequent version of the deal initiated the following day made no reference to it.

Opposition MPs, including Mr John Turner, the Liberal leader, who has been rather upstaged by the success of his Upper Chamber colleagues in stalling the bill, have picked up on this, claiming that Mr Michael Wilson, the Finance Minister and other Canadian negotiators signed a version of the agreement which included concessions on bill C-22. Mr Wilson has repeatedly insisted that the bill "was not and is not related to the free trade agreement."

GE secures \$600m JAL engines deal

By Carla Rapoport in Tokyo

JAPAN Air Lines has chosen General Electric to supply its aircraft engines. In a deal estimated to be worth more than \$600m over the next 10 years, JAL chose the GE engine over those offered by Pratt & Whitney and Rolls-Royce, marking the company's first departure from Pratt & Whitney engines in 20 years. Rolls-Royce is understood to have been a close contender until the last minute.

The initial order is for 20 GE CF6-80C2 engines to be used in the 747-400 aircraft JAL ordered from Boeing last month. However, JAL is expected to eventually use Boeing and GE equipment to replace all its long-haul aircraft over the next 10 years.

Japan has come under strong pressure from the US government to ease the trade imbalance between the two countries. As a result, the nation's flag carrier is understood to have helped tip the balance toward an American supplier for the engine order. Also, GE has so far sold more engines to power the 747-400s and other new generation jets than Pratt & Whitney and Rolls-Royce.

Though JAL's mainstay engine has been the Pratt & Whitney JT9D, a new engine was needed for the 747-400, which has a longer range than its predecessors.

NEVER IN THE HISTORY OF BUSINESS SYSTEMS HAS SO LITTLE DONE SO MUCH

Norwegian shipping seeks to curb UK

BY KAREN FOSSLI IN OSLO

NORWAY'S Shipping Association has asked the Prime Minister, Mr Gro Brundtland to impose trade sanctions against British supply vessels operating in Norwegian waters.

The request comes after a long and bitter battle between the two countries' shipping officials over fair and equal opportunity for gaining work for vessels in offshore oil industry services.

The Norwegians claim that their vessels have gained less work in UK waters than British vessels have in Norwegian waters. However, UK vessels are much older and less sophisticated than those of their Norwegian competitors and therefore they are able to offer lower prices for contracts.

The Norwegian Shipping Association maintains that British shipping officials are "totally uninterested" in implementing a solution which would allow Norwegian vessels "market entry" into the UK sector.

The association has accused British shipping officials, specifically the Offshore Supplies Office, of asking oil companies operating in the UK sector to discriminate against

Norwegian vessels when awarding contracts.

According to Norwegian figures, British exports to Norway are 10 times greater than Norwegian exports to the UK. The association estimates that this year, the UK will export some Nkr1.5bn (\$227m) to Nkr2bn worth of goods and services to Norway, whereas Norway is expected to export only some Nkr150m to Nkr200m.

Mr Horace Devey, general secretary of the British Offshore Supply Vessels Association, said the Norwegian complaints were based on "misleading" figures.

Mr Devey said the Norwegian share of business in the UK sector had fallen only because the overall market was diminishing.

"We believe that *de facto* protectionism is already operating against us in the Norwegian sector, so sanctions against us would not be anything particularly new."

The Restrictive Trade Practices Court is expected to rule shortly on a report by the Office of Fair Trading into allegations that a cartel of British supply boat operators existed from July last year to February 1987.

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UK NEWS

Trident missiles will remain the property of US

BY DAVID BUCHAN

BRITAIN'S Trident missile system, due to come into service in the mid-1990s, will effectively remain the property of the US, it was disclosed yesterday.

The UK missiles will be "part of a mingled stock" shared between the two countries, according to senior Royal Navy officers and Ministry of Defence officials at the Faslane submarine base at Clydebank in Scotland and the nearby Coulport armaments depot.

The missiles, made by Lockheed, will be returned to the US for possible use in its submarines when British submarines are laid up for refitting or decommissioning.

The arrangement contrasts with that for the present Polaris missile stock which is owned outright by the British Government.

Under the 1980 accord with the US for the joint maintenance of Trident missiles in Georgia, Britain will lose the ability to test, assemble and service its strategic nuclear weapons. Polaris missiles are tested and assembled from imported parts at Coulport.

Loss of this capability could be a serious constraint if the US ter-

minated its Trident programme before the UK, as has happened with Polaris. However, a senior MoD official at Coulport said he assumed that the US had given the UK some assurances about long-term support for the Trident programme.

The UK Government has estimated a saving of £700m (\$1.15bn) on the total Trident programme, currently costed at £9.25bn, by having missile assembly and servicing done at King's Bay in Georgia. No new assembly and test facilities have been built at Coulport.

Common servicing has allowed the two countries to have "a smaller missile population," one official said.

Nevertheless, £50m is being spent at Faslane to build a covered shipyard for Trident submarines which will be British-built and a 900-acre expansion at Coulport to hold in emergency up to 16 Trident missiles. These will have UK-built warheads on the Lockheed rockets.

The US is insisting that UK handling of Trident missiles be up to US safety standards because they may end up in US submarines. Six US officials are already at Coulport helping supervise the expansion.

RALPH ATKINS REPORTS ON COST-CUTTING CHANGES IN STATE BROADCASTING

BBC to sell stake in commercial operation

THE BBC plans to float part of its commercial operation on the stock market as part of a wide-ranging five-year plan announced yesterday to cut costs and increase revenue.

The sale of a stake in BBC Enterprises, which sells television programmes, books and magazines produced by the corporation, will increase considerably the funds available for programme making. Even if the corporation kept a 75 per cent share, it could raise £100m (\$155m).

The sell-off will complement other measures announced yesterday by the BBC. These include cutting staff costs by 1 per cent a year, reducing the operating costs of local radio sta-

tions by 10 per cent and increasing revenue from the sale of archive material and specialist services.

The five-year plan is the first ever published by the BBC. Mr Michael Checkland, director-general, told the corporation's staff yesterday that it had been prepared in response to major changes in broadcasting and restrictions on the future growth of licence fee income.

The plan also includes a major shake-up of national radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcasts while medium wave frequencies are to be assigned new uses.

The strategy is likely to lead to jobs losses at the corporation

but no details have been given about numbers.

However, the BBC stressed its commitment to maintaining the quality of its programmes and increasing the diversity of its output. "We must ensure that the new opportunities which our creative programme makers will seek, can come out of a well-managed organisation," said Mr Checkland.

Other sources of revenue could include "downloading services." These are programmes broadcast at night for specialist viewers who pay for the service. Last week, the BBC announced plans of a special programme for doctors which is expected to raise about £1m a year.

Further support services in-

cluding cleaning and security are likely to be contracted out. The BBC has no plans to operate or manage satellite or cable television services but it will offer archive material for sale.

BBC Enterprises currently operates as a limited company owned by the corporation. It has a staff of 850 and a turnover of about £130m, although this is forecast to rise to £200m by 1991.

The company shares many services, including computers, with the main corporation, but already plans are being made to break the links. Final details about the sale, which could be a private flotation or be open to the public, are expected to be announced within two years.

Details, Page 14

Deal agreed on shareholders' first refusal

BY CLIVE WOLMAN

A PEACE treaty was announced yesterday between corporate treasurers and institutional investors to end a long-standing dispute over the right of shareholders to have the first opportunity to subscribe to new equity issued by their companies.

The London Stock Exchange, which has mediated in the dispute, issued a set of seven guidelines on the pre-emptive rights of shareholders, endorsed by the Association of Corporate Treasurers and the investor protection committees of the National Association of

Pension Funds (NAPF) and the Association of British Insurers (ABI).

The guidelines allow a listed company to issue up to 5 per cent of its share capital in any one year and up to 7.5 per cent in three years without granting pre-emptive rights. However the discount at which such shares are offered to outside investors must not exceed 5 per cent of the mid-market share price immediately before the announcement. The discount is defined to include the under-

writers' fees, typically 2 per cent.

The guidelines cover the various forms of quasi-equity, such as Euro-convertible loan stocks and warrants, which several companies have issued over the last two years to sidestep the restrictions of the NAPF and ABI. However, the committee - comprising representatives from industrial companies, investment institutions and the Stock Exchange - which drew up the guidelines has backed away from tackling the problems of

new equity issued by a company to make acquisitions.

The Stock Exchange Quotations Committee is currently examining how the rights of existing shareholders should be preserved in such situations, for example, by allowing them to claw back the shares issued to the shareholders of the acquired company.

The pre-emptive rights of shareholders are enshrined in UK company law, but can be overridden by a vote of shareholders.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s); All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol	Retail value	Unempl.	Vacs.
1986							
1st qtr.	109.8	102.7	97	119.2	146.9	3.171	166.5
2nd qtr.	109.8	104.8	97	121.3	154.9	3.293	173.6
3rd qtr.	111.0	106.1	96	123.7	158.7	3.292	200.2
4th qtr.	111.1	107.4	95	122.5	154.3	3.141	213.0
1987							
1st qtr.	112.1	107.5	94	125.4	157.9	3.073	218.4
2nd qtr.	112.5	109.8	92	129.3	168.9	2.965	228.1
March	112.9	109.3	94	125.5	157.8	3.049	210.6
April	112.3	108.5	92	126.9	162.0	2.818	212.9
May	112.3	108.2	92	125.4	161.3	2.814	221.6
June	111.9	109.4	92	125.4	167.5	2.925	222.3
July	114.4	111.9	92	121.2	172.7	2.876	234.9
Aug.	115.3	111.5	92	122.5	178.5	2.929	227.6
Sept.				121.4		2.775	231.5

OUTPUT-By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Investment goods	Intmd. goods	Eng. output	Metal mfg.	Textile etc.	Housing starts*
1986							
1st qtr.	102.3	101.2	114.9	101.2	109.6	103.1	14.6
2nd qtr.	102.2	101.4	115.8	102.8	110.1	104.1	15.5
3rd qtr.	104.4	101.7	117.4	102.6	109.3	103.2	15.4
4th qtr.	108.5	102.4	115.9	105.4	115.6	104.7	15.3
1987							
1st qtr.	108.0	102.4	118.0	105.4	114.3	102.9	17.4
2nd qtr.	110.1	102.5	118.0	105.5	115.2	103.9	19.5
January	107.1	101.9	118.4	104.0	107.0	103.0	12.7
February	109.0	102.4	118.7	105.0	112.9	102.8	18.6
March	108.0	101.9	117.9	107.0	116.0	101.6	20.8
April	110.4	102.2	118.0	105.0	116.0	101.6	18.1
May	111.3	102.3	118.4	105.0	121.9	104.8	20.4
June	108.1	102.5	118.0	106.0	122.0	106.0	20.1
July	112.9	104.1	119.8	107.0	122.0	107.0	20.6
Aug.	112.9	104.4	121.6	108.0	127.0	110.0	16.1

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve £bns
1986							
1st qtr.	117.5	124.9	-1,227	+682	+1,899	101.6	18.75
2nd qtr.	121.9	129.1	-1,695	+146	+765	102.3	19.29
3rd qtr.	122.2	129.0	-2,891	-919	+871	102.3	22.43
4th qtr.	130.1	144.0	-2,725	-863	+785	100.9	21.92
1987							
1st qtr.	120.0	123.2	-1,135	-972	+1,164	100.5	27.04
2nd qtr.	121.1	120.7	-2,381	-174	+1,823	102.7	24.36
January	107.1	101.9	118.4	104.0	107.0	103.0	12.7
February	109.0	102.4	118.7	105.0	112.9	102.8	18.6
March	108.0	101.9	117.9	107.0	116.0	101.6	20.8
April	110.4	102.2	118.0	105.0	116.0	101.6	18.1
May	111.3	102.3	118.4	105.0	121.9	104.8	20.4
June	108.1	102.5	118.0	106.0	122.0	106.0	20.1
July	112.9	104.1	119.8	107.0	122.0	107.0	20.6
Aug.	112.9	104.4	121.6	108.0	127.0	110.0	16.1

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling deposits; private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Consumer credit £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,282	2,220	+852	11.50
2nd qtr.	2.1	25.9	27.3	+6,435	1,894	+1,033	11.50
3rd qtr.	2.9	28.1	27.3	+6,595	1,68	+737	10.00
4th qtr.	1.8	15.3	14.1	+10,516	2,814	+444	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,667	1,465	+902	10.00
2nd qtr.	3.3	25.7	23.3	+6,857	1,894	+1,033	5.00
March	6.1	10.9	17.8	+2,878	472	+286	11.00
April	3.8	33.3	29.4	+2,782	547	+101	6.00
May	8.1	22.9	22.6	+1,971	727	+410	5.50
June	4.5	30.2	21.9	+2,534	821	+294	5.00
July	7.7	34.5	24.3	+4,282	247	+241	5.00
Aug.	7.1	22.5	21.9	+1,967	667	-215	10.00
Sept.							10.00

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and trade weighted value of sterling (1975=100).

	Earnings %	Basic mths %	Wholesale mths %	RPI %	Fuels %	Retailers' mths %	Sterling
1986							
1st qtr.	170.1	122.4	142.3	96.5	96.9	1,325	75.1
2nd qtr.	194.0	125.8	145.7	97.8	98.7	1,714	70.1
3rd qtr.	187.4	128.8	146.3	97.9	98.2	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,606	68.2
1987							
1st qtr.	192.0	128.5	149.3	100.2	100.5	1,500	69.9
2nd qtr.	198.0	128.7	150.6	101.9	101.2	1,598	72.7
3rd qtr.	191.2	131.1	151.6	102.1	100.5	1,601	72.7
February	194.5	128.2	149.2	100.4	100.7	1,501	69.9
March	195.9	128.4	150.5	101.8	100.7	1,539	71.9
April	196.1	128.6	151.0	101.9	101.2	1,514	72.4
May	200.0	128.7	151.1	101.8	100.4	1,552	72.5
June	202.1	130.5	151.3	101.8	101.6	1,629	72.6
July	201.8	131.2	151.6	102.1	100.7	1,632	72.8
Aug.	201.8	131.4	151.9	102.4	100.4	1,632	72.1
Sept.							

*Not seasonally adjusted. †Net changes in amounts outstanding, excluding bank loans.

Weighing in at a nifty 20 lbs, we present the new Compaq Portable 386. Pound for pound, it's the most powerful computer ever built. While others are struggling to deliver their first 386 based p.c's, Compaq (just a little proudly) bring you their leaner, fitter, faster second generation.

SPEEDY SPECS

Feast your eyes on these specs. (Sorry, we're about to nose dive into some jargon.)

The Portable 386 has a 20-MHz micro-processor, making it a full 25% faster than 16-MHz computers. (That's very, very, very fast.)

We're also talking 32-Bit architecture here. In other words this baby shunts



MORE WAITLESS FUNCTIONS

Compaq Expanded Memory Manager. What does it do? Basically it opens up phenomenal amounts of memory for you, (beyond the MS-DOS limitation of 640 kilobytes), up to 8MB. It means you can cope with huge quantities of information without having to buy extra hardware. (You can throw wild parties with the money you save!)

Optional 20-MHz Coprocessor. This little gadget does mind-bogglingly complicated mathematical calculations in a jiffy. (Up to 25% faster than other 20-MHz 80386 based p.c's to be precise.) Especially useful for adding up

THE NEW COMPAQ PORTABLE 386. LESS WAIT WITH LESS WEIGHT.

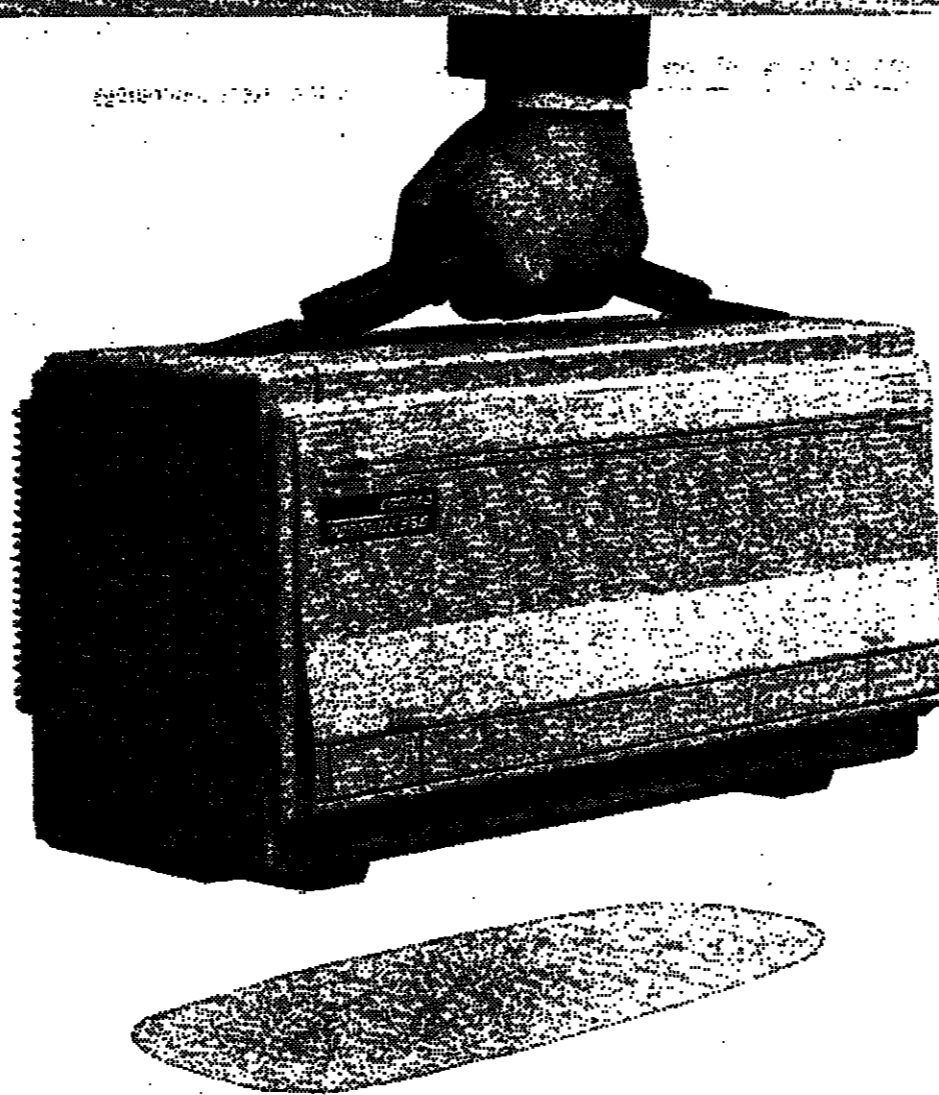
information about 32 chunks at a time, making even the lightning responses of current 16-Bit machines look decidedly slowwwwww.

Up to 100-MB Fixed Disk Drive. This is heavyweight storage capacity. More than 50,000 pages of information built in, with an average access time of 25 milliseconds, (no time at all.) This saves you having to lug around the equivalent of eighty-three 1.2MB diskettes. (For those with more modest storage needs there is also a 40MB model.)

There's more. We've equipped our new portable with 1MB of RAM and the capacity for 10MB that will help you run rings round the most complex of tasks.

FREE WINDOWS

Buy one Portable 386 and we'll throw in Microsoft's Windows/386 Presentation Manager absolutely free. So you can do real multi-tasking with current applications software immediately.



all the profits you've made using Compaqs.

BLACK LEATHER

Yes, as with previous Compaq portables, the new 386 comes with its very own black leather, or nylon carrying case. (Well what did you think we were going to say?)

STANDARDS OTHERS DON'T STICK TO

Unlike certain manufacturers we could mention, we don't see why the thousands of pounds you've already invested in hard and software should be lost for the sake of change. We've made the Compaq Portable 386 compatible with all your industry standard products

designed for 80286 based systems. It simply runs them at breakneck speed.

EVEN MORE ASTONISHING

The most amazing thing about the new Portable 386 is that...Whoops! It's the old problem, we're out of space. Fortunately all you have to do is make a bee line for your nearest Compaq Authorised Dealer and he'll take over from here.

COMPAQ
PORTABLE 386

WE'LL NEVER CEASE TO AMAZE YOU

UK NEWS

BA 'likely to look abroad for mergers'

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is likely to look overseas for airlines with which to merge or not its proposed merger with British Caledonian is approved by the Monopolies Commission, according to Sir Colin Marshall, chief executive.

The commission's report on the BA merger is to go to Lord Young, Trade and Industry Secretary, next month. BA is hoping it will recommend the merger, but accepts that such a decision would probably include safeguards against anti-competitive behaviour by the merged airlines.

Other independent airlines, some of them fiercely hostile to the merger, fear its impact on their operations, especially at Gatwick airport.

The concern already expressed by some independent airlines that BA is not likely to stop at taking over BCal appears to have been strengthened by comments from Sir Colin in an interview with *Airline Business* magazine.

"We intend to be a major player, not just in the European scene, but in the world scene for the future," says Sir Colin. "And that almost certainly will require us to look for mergers or combinations in the future."

So far, he says: "We haven't looked that carefully at other airlines, but I think that clearly we're going to have to do that before too long, irrespective of the outcome of the BCal situation."

The proposed £110m refurbishing and expansion scheme planned for Glasgow's Abbotston airport by BAA, formerly the British Airports Authority, has been approved by Renfrew Council.

Management 'should be given professional status'

BY DAVID BRINDLE

A "CRUSADE" to give industrial management professional status was launched last night by Mr John Banham, director general of the Confederation of British Industry.

Mr Banham set out a proposed national approach to the recruitment and training of managers. He said the confederation had won general support from member companies for "a major initiative towards what might be termed the professionalisation of management."

He said: "The CBI knows of no subject more vital to the long-run competitiveness of British business than improving the quality of British management."

He was giving the opening address at the Institute of Personnel Management's national conference in Harrogate. He called on employers represented there to put their names to a forth-

coming management-development charter.

This charter is being drafted by the Foundation for Management Education, which is supported jointly by the confederation and the British Institute of Management.

It follows a consultative forum held in the wake of reports exposing the UK's relative backwardness in management development.

Mr Banham gave details of the foundation's approach. He said it would have to overcome three widely-held though not necessarily true perceptions about industrial management careers.

"In short, industry appears restrictive, in the sense that career options narrow rather than widen; it does not pay particularly well; and it does not hold the prospect of much fun. Other than that it has a great deal going for it."

He said the key elements of the national approach were likely to include: an administrative body including academia, business and government; larger companies taking the lead; more university and polytechnic places for management studies; a post-entry preliminary examination; a masters' programme; on-job training and systematic career planning; and post-entry modular management education programmes.

Mr Banham, expressing the hope that next year would be the year of the manager, called for promotion of the management charter at prestige events and through videos and cinema commercials.

He said: "For relatively small sums of money - £2m to £25m a year, perhaps - concentrated in the right places, it should be possible to turn the present entrenched and out-of-date attitudes around."

Bridgend shopping complex to cost £30m

By Anthony Moreton, Welsh Correspondent

THE LAND AUTHORITY for Wales has joined forces with Fairfield Properties to develop a £30m shopping and leisure complex at Bridgend.

The scheme is unusual in that it will be based on a road funded by the developer linking the M4 with the centre.

The core of the project will be a superstore, associated shops and a garden centre. A leading stores group has expressed interest.

There will also be a 100-bedroom hotel with conference facilities and championship-standard golf course, a public house and two fast-food restaurants.

It is expected that the complex could provide about 1,000 jobs.

If the local authority agrees work would start next autumn and be completed by 1994.

Mr Bernard Ryan, chief executive of the Land Authority, said yesterday the project would be one of the largest and most imaginative undertaken in Bridgend for years.

"It will enhance the growing reputation of Bridgend as a business and leisure centre," he said.

Distributors 'set for 25% income growth'

SPECIALIST distribution companies should achieve high quality earnings growth of up to 25 per cent a year over the next few years, because of changes taking place in the market, according to Mr Clive Anderson, transport analyst at Stock & Kite.

He expects the share of the distribution market held by third party operators to rise to 60 per cent by 1994, compared with 50 per cent in 1984.

BT 'makes efforts to improve public pay telephone service'

BY TERRY DOOSWORTH, INDUSTRIAL EDITOR

BRITISH TELECOM has made considerable efforts to improve its public call box service over the last few weeks, although almost 30 per cent of the pay phones in some of the worst hit locations are consistently out of order, says an independent survey.

The Telecommunications Industry Research Centre carried out the survey on call boxes in the last week in September and the first two weeks of this month.

It follows extensive criticism of the quality of service provided by pay phones in recent months and suggestions that Mercury, the group's fledgling competitor, might be allowed into the market.

According to the study, standards of pay phone maintenance went up significantly in the 870 call boxes monitored over the three-week period.

An average of 23 pay phones out of 178 tested at five London railway stations were out of order in the first week. This dropped to 19 in the second week and 12 in the third. At Victoria station, defective telephones dropped from six out of 19 surveyed in the first week to one in the third and at Heathrow Airport they fell from 14 to 10 out of 68 over the same period.

The poorest standards were found at the Watford Gap service station on the M1 which had an average of five pay phones a day out of order, a total of more than 40 per cent. Rural areas scored the best, with only 19 a day found to be defective out of 370 surveyed.

The report seems to lend weight to BT's claim that some of the problems which led to criticisms of the call box service in the summer were a temporary outcome of the engineering strike earlier in the year.

At the same time, BT promised a crash programme to raise maintenance standards a few weeks ago after the publication of a hard-hitting report on the service by Ofcom, the telecommunications industry watchdog.

The latest study also underlines the financial difficulties found in running many rural call boxes.

Several telephone areas, particularly Yorkshire, Dorset, Devon, Cornwall, Wales and Scotland, reported an income of less than £2 a week from some village pay phones.

Under its licence BT does not have to provide a service if the income from a pay phone falls below £185 a year. "BT is maintaining thousands of telephones for purely social reasons," the report says.

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Industrial education warning

BY MICHAEL SKAPINKER

IT WAS up to industry to set the agenda for the future development of management education, Mr Robert Jackson, Education Minister, said yesterday.

He told the 20th anniversary conference of the Business Graduates Association, that the Government could only listen and follow industry's lead.

He paid tribute to the authors of two reports, published earlier this year, which called for changes in the way that managers were educated. The reports proposed the establishment of a national preliminary qualification which younger managers should be encouraged to take.

Mr Jackson said the Government would do what it could to make work any new system of

management education. However, he said: "It is important for the Government not to take over what must be an industry matter."

The privatisation of the country's business schools remained the Government's long-term aim but privatisation could not take place in the immediate future because some business schools required a particularly high level of endowment.

Replying to a business school lecturer who complained that his students earned £10,000 more than the staff, Mr Jackson said there was no reason why the schools should not move away from the national remuneration scales and pay their staff more.

He called on employers in manufacturing industry to offer young graduates the sort of pay which would dissuade them from going to work for financial institutions instead. He accepted, however, that pay rates in the City had been distorted by Big Bang.

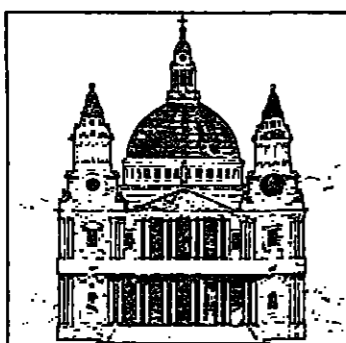
Sir Peter Parker, chairman of the Rockware Group and former chairman of British Rail, said a supply of good teachers would be the most important development in the future development of management education.

He described the Government's responsibility in this area as "undodgeable" and called on the Government "to put its money where I know its heart is."



LONDON CITY AIRPORT

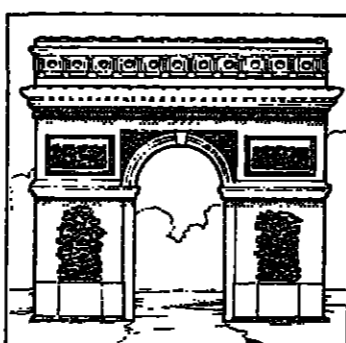
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09:00 hrs



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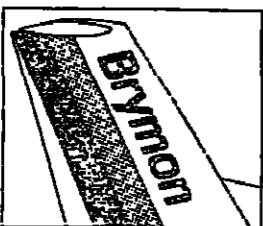
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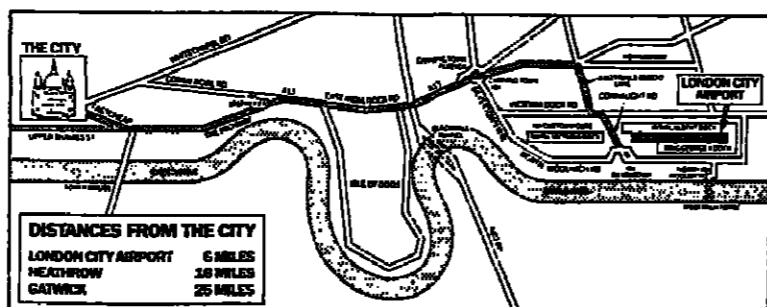
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Hedging on risky markets

LAST MONTH'S unit trust launch by the Royal Life Insurance group not only attracted a record sum for such a launch of £240m, but its size also required the adoption of some novel hedging and financial engineering techniques.

They highlight how rapidly the sophistication of the City has grown in the past three years and the opportunities created by Big Bang.

The launch, which relied on a privatisation-style advertising campaign, posed several problems for the Royal Life fund managers. They had to invest a large amount of money - they were expecting £300m - in a portfolio of shares, mainly in the UK, US and Japanese stock markets.

The money would be flowing in from investors over a period of time from September 8 to September 30 and trading in the unit was scheduled to start on October 6.

The traditional pre-Big Bang response of a unit trust investment manager would be to invest the money gradually in the chosen shares over the four-week period, if not longer, to avoid pushing up the share prices against him.

However, the Royal Life managers were worried that, if world stock markets rose sharply during this period, its new unit trust investors would feel aggrieved if they had not benefited straight away after Royal Life had received their money.

On the other hand, if the money were invested on a daily basis as soon as it was received, the transaction costs could be substantial. If the markets fell during the offer period, the unit trust investors would see an immediate loss on their investment as soon as the first valuation of the fund was published on October 6.

The Royal Life managers, led by Mr Mike Kershaw and Mr Steve Atkins, appreciated that what they needed was a form of

Clive Wolman on problems faced by Royal Life's unit trust launch and the solutions adopted

portfolio insurance, or a call option on all the shares that they were planning to buy. For the cost of a premium, this would allow the funds to profit from an upward trend in the markets while protecting their capital against a stock market fall.

The simplest way of achieving this aim would have been to have bought call options on the stock market indices in the UK, US and Japan. Contracts on the UK market were introduced in 1984 and on the Japanese market last year by the Singapore International Monetary Exchange (Simex).

There were three drawbacks to such a strategy.

First, unit trusts are not allowed to buy stock index futures and options contracts.

Second, the investment managers had identified specific portfolios of stocks in the three markets whose performance would not necessarily match that of the markets as a whole.

Third, there is a limited degree of liquidity in the UK and Simex contracts, possibly not sufficient to absorb buying on the scale envisaged, and the prices at which the Simex contract is traded is often out of line with its fair value.

There were two further constraints. Royal Life did not know how much money would be attracted by each of its three international funds - the Cautious, the Growth and the Speculative - and any solution would have to satisfy the trustees that they were treating all unit holders fairly.

According to Mr Kershaw: "We needed a bit of hand-holding to be assured we were doing the right thing, so we went to an agent."

Royal Life asked two UK and one US securities firms to make proposals to them. The firm that was chosen was James Capel, the leading UK agency stockbroker. "We thought that Capel came up with the most imaginative solution on the most attractive terms," said Mr Atkins.

Mr David Heron, of Capel, guaranteed to buy the specified share portfolios, comprising 220 different shares, and pass them to the fund on October 6. Royal could specify the total value of the portfolio to be purchased, once it knew how much money it had attracted, but only in the £180m to £220m range.

As it turned out Royal attracted £240m and asked Capel to deliver £240m of shares, £90m from the US, £90m from Japan and £60m from the UK.

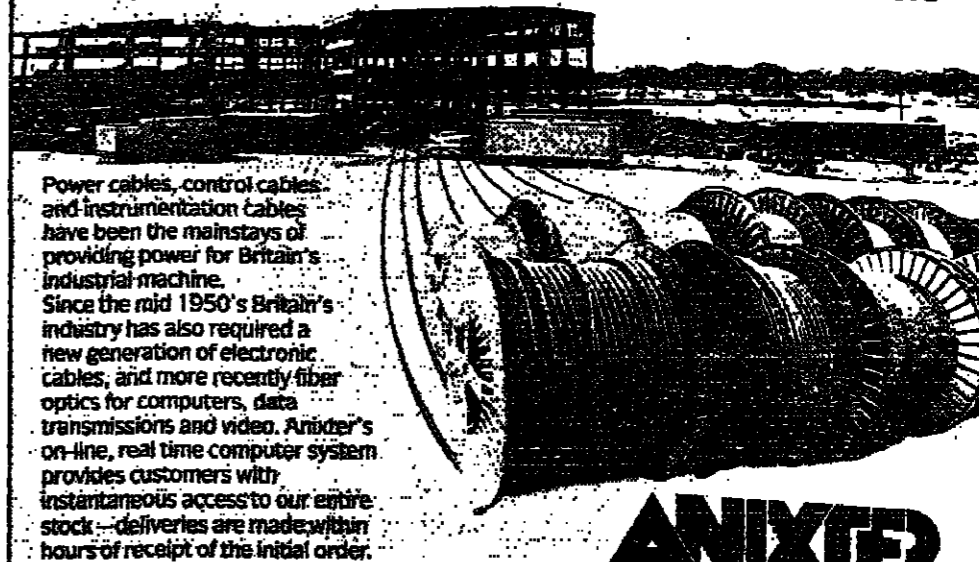
The price that the funds would have to pay for the shares was fixed at the mid-market price at the end of the day on September 8. Capel agreed to protect the funds against any fall in the markets in sterling terms from that date to the start of October.

If the markets rose, Capel would keep for itself the first 3 per cent of the rise in the US market and the first 1 per cent of the rise in the UK market. Any excess would be attributed to the funds. As it turned out, the US market rose by 3.7 per cent and the UK by 3.8 per cent.

The terms Capel offered for insuring the Japanese portfolio were rejected by Royal as being too expensive. This was a consequence of the difficulties of hedging the Japanese market through Simex. The agreement was made on September 9 by an exchange of letters. "It was an old-fashioned City deal with no lawyers," said Mr Kershaw.

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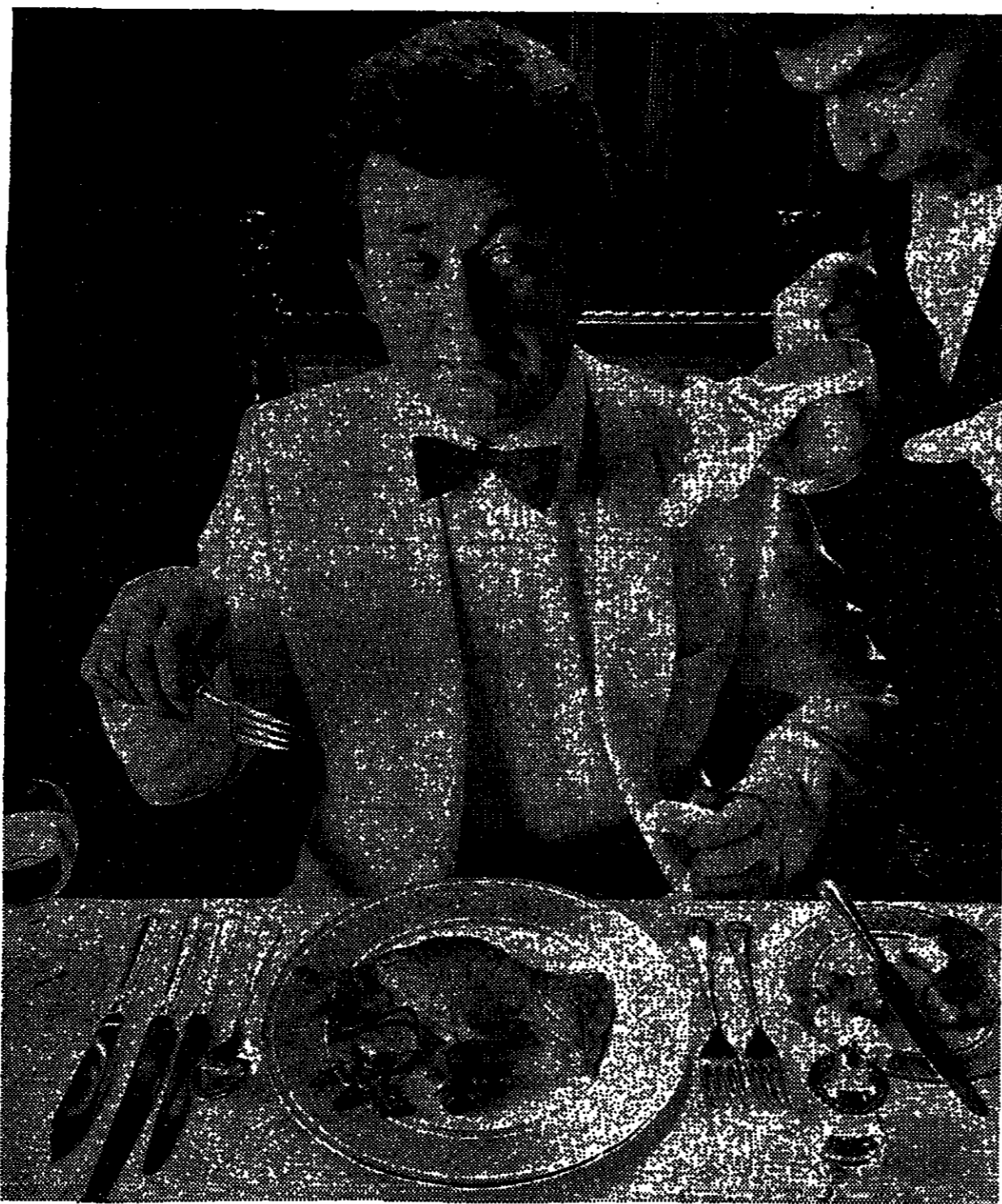
Nothing wrong with the sauce, you understand.

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle adorning a white dinner jacket.)

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replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

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UK NEWS

Ferry companies to seek talks on joint operations

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE OFFICE of Fair Trading will be asked shortly to allow Channel ferry operators to hold detailed talks on joint operations, Sir Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation, said yesterday.

Sir Jeffrey said rationalisation of services was essential if ferry companies were to offer effective competition to the proposed Channel tunnel, due to open in 1993.

P & O is likely to offer the OFT a freeze on fares in return for permission to restructure services in co-operation with Sealink UK and other companies, Sir Jeffrey said.

The company's case will be that its existing services cannot earn enough to finance reinvestment in new ships to compete with the tunnel or to meet the costs of redundancy payments.

The "ideal" solution would be combined marketing and opera-

tion of all Channel ferries, possibly under joint management, with a ship leaving Dover every 30 minutes, Sir Jeffrey said.

P & O has already held outline talks - with OFT permission - with Sealink, Dover Harbour Board, and Belgian, French and Dutch ferry operators.

Initial discussions have also taken place with union representatives on the need for "substantial" redundancies within P & O European Ferries, formerly known as Townsend Thoresen.

Sir Jeffrey and senior P & O executives travelled to Dover on Friday to seek preliminary agreement with local union leaders on extensive cuts in manning, including cuts in the number of relief crews per ship.

He said P & O would offer retraining facilities to any of European Ferries 6,000 employees made redundant, as well as negotiated severance payments.

Sir Jeffrey's public commitment to joint restructuring

marks a new phase in the ferry companies' fight against the tunnel, which has previously been led by Mr James Sherwood, chairman of Sealink UK.

The campaign has been largely dormant since March, when the loss of the Townsend Thoresen ferry Herald of Free Enterprise undermined the ferry companies' claims that the tunnel would be unsafe.

P & O believes it is now likely to go ahead, unless there is a continued crisis in the financial markets.

Sir Jeffrey said the time for opposing the tunnel was past, but the Government would "have a fight on its hands" if it failed to take steps to prevent predatory pricing by the tunnel operators.

P & O would use its weight to insist on parity with the fixed-link operators in matters such as speeded-up customs and immigration services and improved road communications to Dover, he said.

Ulster law discussed at Anglo-Irish conference

By Our Belfast Correspondent

NORTHERN Ireland's legal system and the Republic of Ireland's planned Extradition Bill were discussed yesterday at a meeting of the Anglo-Irish inter-governmental conference in Belfast.

Mr Tom King, Northern Ireland Secretary, and Mr Brian Lenihan, Irish Foreign Affairs Minister, made it clear that both governments remained fully committed to the Anglo-Irish agreement.

The Irish Government is due to ratify its Extradition Bill on December 1 but there is widespread speculation that its implementation may be postponed due to lack of progress in reforming the so-called Diplock courts in Northern Ireland in which judges sit alone to hear terrorist cases.

The key issues were discussed during several hours of talks between Mr Lenihan and Mr King but it is understood that no final decisions were reached and further consultations are to take place.

Many politicians in the republic regard changes in the province's legal system as being of paramount importance and expect positive reforms before new extradition arrangements are introduced.

They argue that three-judge courts would increase the nationalist community's confidence in the administration of justice in the province. However, Mr King has indicated that the UK Government is not convinced of the need to change the Diplock courts and maintains that substantial improvements have already been made.

He said recently that it was "very important" that the republic's planned extradition bill was implemented.

There was light security for yesterday's meeting. A small group of loyalists led by Mr Peter Robinson, the Democratic Unionist MP, held a short demonstration before the meeting in protest at what they saw as Dublin's interference in Northern Ireland.

The results are based on an average of predictions made by 11 groups of economists in stockbroking firms, universities, the Confederation of British Industry and the Organisation for Economic Co-operation and Development.

Retail prices are expected to grow by 4.6 per cent this year and by 4.6 per cent next. Unemployment is expected to continue its fall with a level of 2.77m forecast for the fourth quarter of next year.

The survey also shows a widening gap between Britain's imports and exports. The current account deficit is forecast to rise from £1.1bn this year to £2.0bn next.

In the medium term, the UK's growth rate is expected to continue to fall.

By 1991 it is expected to be growing at 2.1 per cent.

The growth rate for consumers' expenditure is also expected to fall from 3.8 per cent in 1987 to 2.7 per cent by 1991.

Unemployment is predicted to remain static after next year, dropping only slightly to 2.73m by 1991.

Investment expenditure is expected to increase by 3.8 per cent and then by 5.1 per cent in 1988.

By the end of September, the group's fleet sales were 26 per cent more than in the same period of 1986 at 76,000 cars, well ahead of the 67,150 for the whole of 1986.

The company's penetration of the fleet market rose from 15 per cent to 17 per cent, he said.

This followed an intensive programme which involved a countrywide series of test drives at main UK car racing circuits. At each event about 250 fleet car buyers and others who could influence purchasing policies were involved.

Ralph Atkins examines the BBC's general strategy for the 1990s

Tuning in to broadcasting challenge

THE BBC's first five-year plan should be viewed as a response to new challenges and not as a negative cost-cutting exercise, Mr Michael Checkland, director-general, told the corporation's 29,000 employees yesterday.

The plan is designed as a general strategy for the 1990s. Details have still to be worked out but the BBC board of management believes it has set out a framework which reduces dependence on licence revenue and takes account of recent major changes in broadcasting.

The main areas covered by the plan are:

Revenue: Licence revenues are now linked directly with the retail price index which, the BBC calculates, increases at a rate about 2 percentage points lower than broadcasting costs. By 1993 this would severely choke funds.

Instead the corporation hopes to increase revenue from other sources.

BBC Enterprises, which sells television programmes abroad, the Radio Times, books and videos, is forecast to increase its turnover from about £130m to £200m by 1991 and to double its current £19.5m a year investment in BBC programmes.

Other sources of revenue include property disposals and the sale of archive material,

particularly to cable or satellite television companies.

There could also be further night-time "downloading services" paid for by viewers, such as the planned programme for doctors which the BBC announced last week and which is expected to raise £1m a year.

Costs: The BBC plans to cut staff costs by 1 per cent a year, saving up to £20m per annum. Mr Checkland said yesterday it was not possible to calculate at this stage how many jobs would be lost. Most could be cut through natural wastage but he could not rule out compulsory redundancies.

Local radio stations will be expected to reduce operating costs by 10 per cent.

Network radio: The Government proposals for radio, set out in a Green Paper in February would require the BBC to surrender two of its medium wave frequencies. This would lead to radical changes for all four stations with Radio 1 and 3 becoming available only on VHF.

Radio 4 on VHF would continue as a national information and speech network but the BBC is to investigate the feasibility of using the station's long wave frequency as a national events channel covering, for example, Parliament, state occasions and news conferences.

Local radio: The BBC plans to complete its chain of local radio stations by opening seven more in the next three years. However, the effectiveness of metropolitan stations will be reviewed in a report to be published in December.

News and current affairs: Radio and television units are to be combined in a new development at the BBC centre in White City, west London. In-house specialist reporting staff at home and abroad is to be strengthened.



Michael Checkland: plan set a negative cost-cutting exercise

Radio 1 and Radio 2 would have wider editorial briefs that included drama, documentary and specialist music programmes. The Radio 2 medium wave frequency could be dedicated to sport and education programmes supplemented by the World Service.

Network television: At least £24m a year will be set aside to commission 500 hours of programmes made by independent

producers. This policy will be subject to review but eventually 25 per cent of air time, excluding news related programmes, could be made independently.

External services: The plan repeats the BBC's commitment to launching a world television news service modelled on the World Service radio news.

The scheme was first announced last year when the BBC said it was looking for an £2m contribution from the Foreign Office which funds the World Service.

The plans have been modified since then, reducing the input from Government and introducing commercial partners into the scheme. However the BBC is still waiting for a Foreign Office decision before it goes ahead.

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CWS must cut funerals stake

BY CLAY HARRIS

THE Co-operative Wholesale Society yesterday attacked the Government's alleged double standards over competition policy after learning that it would be forced to sell nearly half of the Scottish funerals business it bought from House of Fraser in May.

The Monopolies and Mergers Commission concluded unanimously that the £13.5m acquisition, which would have raised the CWS market share in Scotland from 33 per cent to 46 per cent, should be blocked.

Mr Francis Maude, Corporate and Consumer Affairs Undersecretary, accepted the commission's recommendation, however, that a full disposal would be "an unnecessarily drastic remedy" if partial divestment could be arranged.

The CWS, which is owned by local co-operative retail societies, will be required within 12 months to sell Fraser's funeral businesses in Perth, Aberdeen and Falkirk, representing two-

fifths of the total. In Aberdeen and Falkirk the CWS would have had a 100 per cent market share after the acquisition.

The CWS complained said yesterday that the exhaustive scrutiny of its funeral business and the requirement to divest "contrasted strangely with the total lack of government interest when the massive House of Fraser Group was bought by its present owner, the Al-Fayeds.

The CWS also criticised the requirement that the businesses should not be sold to the four local retail societies which together claim an additional 6 per cent of the Scottish market.

The commission let stand the CWS's acquisition of a coffin manufacturer which will take its share of the Scottish market to 73 per cent, although Mr Maude said that the CWS's assurance that it would continue to supply coffins to individual undertakers on normal commercial terms.

He also accepted the commission's view that any additional Scottish acquisition by CWS should face close scrutiny.

The CWS is the UK's largest single undertaking business, although its national market share is only 7 per cent.

Mr Graham Metcalfe, CWS secretary, declined to indicate whether only the designated undertakers would be sold or if Fraser's entire Scottish business would be put back on the market.

The likely contenders to buy some or all of the businesses are the UK's three publicly-quoted funeral groups, Rodgson Holdings, Kervon Securities and Great Southern Group. None is represented in Scotland, although Rodgson is poised to announce a small acquisition for cash there. Reports on the acquisition by Co-operative Wholesale Society of the Scottish funerals business of House of Fraser. HMSO. 25.50.

Hill Samuel loses 12 staff to BZW

By Richard Waters

TWELVE MEMBERS of the corporate finance department of Hill Samuel, the merchant bank, are leaving to join Barclays de Zoete Wedd, the securities house.

This marks the culmination of earlier attempts by Hill Samuel's entire corporate finance department to join BZW, leading to the sacking of the department's head, Mr Trevor Swete, and his deputy, Mr Christopher Roshier.

Three of the 14 directors, three assistant directors and six managers from Hill Samuel's corporate finance department have now been recruited by BZW, which said yesterday that it had no plans for further recruitment from Hill Samuel.

Growth rate 'will slow down'

By Ralph Atkins

THE GROWTH rate of Britain's economy will slow next year while inflation accelerates, according to a survey of independent forecasts made before the recent slides in the stock markets.

Figures published yesterday by the Treasury show the growth rate falling from 3.3 per cent this year to 2.4 per cent in 1988.

The results are based on an average of predictions made by 11 groups of economists in stockbroking firms, universities, the Confederation of British Industry and the Organisation for Economic Co-operation and Development.

Retail prices are expected to grow by 4.6 per cent this year and by 4.6 per cent next. Unemployment is expected to continue its fall with a level of 2.77m forecast for the fourth quarter of next year.

The survey also shows a widening gap between Britain's imports and exports. The current account deficit is forecast to rise from £1.1bn this year to £2.0bn next.

In the medium term, the UK's growth rate is expected to continue to fall.

By 1991 it is expected to be growing at 2.1 per cent.

The growth rate for consumers' expenditure is also expected to fall from 3.8 per cent in 1987 to 2.7 per cent by 1991.

Unemployment is predicted to remain static after next year, dropping only slightly to 2.73m by 1991.

Investment expenditure is expected to increase by 3.8 per cent and then by 5.1 per cent in 1988.

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The company's penetration of the fleet market rose from 15 per cent to 17 per cent, he said.

This followed an intensive programme which involved a countrywide series of test drives at main UK car racing circuits. At each event about 250 fleet car buyers and others who could influence purchasing policies were involved.

Ford heading for all-round record

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD WAS heading for record vehicle sales and production in the UK this year, Mr Derek Barron, chairman, said yesterday.

The company was investing in Britain at a greater rate than forecast, Ford of Britain would this year show a considerable improvement on last year's £16m are profit and successful sales had created 930 jobs at AC assembly plants so far this year.

He was speaking in preliminary remarks to the London Motorfair which opened at Earls Court yesterday.

Ford yesterday completed arrangements to buy 50.69 per cent of the AC car company for £1.3m. With Autostar, the minority partner in AC, Ford would almost certainly set up a production plant for AC sports cars.

An announcement about the site is expected next month. If the project proceeds it will create about 150 jobs.

Mr Barron recalled that a year ago he said Ford would spend £1.45bn in Britain on new plant and equipment, product development and technology in the next six years. However, the

pace of investment had quickened and the figure had risen to £1.66bn, or £300m a year.

Ford was giving priority in Britain to investment in research and development in high technology products. Spending on research and development was above £100m a year. "Not only is this vital for Ford but it is also vital for Britain," Mr Barron said.

Ford's engineering centre at Duxford, Essex, would not only be responsible for designing and developing replacements for both the Fiesta and Escort cars but would also lead in developing a new range of medium-sized cars for the mid-1990s. These would be made and sold by Ford and its associates across the world.

Ford expects to sell 565,000 new cars in the UK this year, compared with the record of 518,000 set in 1985.

Mr Barron said about 70 per cent of the cars would be supplied from UK factories. This was below the 75 per cent hoped for at the start of the year but the company had consistently underestimated the strength of the new car market this year.

Austin Rover's car fleet sales up 28% on last year

BY OUR MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER's determined drive into car fleet markets, which account for nearly half of all new car sales in the UK, is paying off, Mr Les Wharton, chairman of the state-owned group, said yesterday.

By the end of September, the group's fleet sales were 26 per cent more than in the same period of 1986 at 76,000 cars, well ahead of the 67,150 for the whole of 1986.

The company's penetration of the fleet market rose from 15 per cent to 17 per cent, he said.

This followed an intensive programme which involved a countrywide series of test drives at main UK car racing circuits. At each event about 250 fleet car buyers and others who could influence purchasing policies were involved.

As evidence of its improved position, Austin Rover, during the run-up to the London Motorfair, announced two more big deals with car rental companies.

The group is to supply about 7,000 cars to Avis in 1988, a 200 per cent increase on that company's order for this year.

Avis will take a mixture of cars from the full range which together have a showroom value of £50m, although the actual price will be much lower.

Austin Rover is also to supply about 2,500 cars to Swan National in the next two years. These have a showroom value of £28m.

Mr Wharton said the deals meant Austin Rover was set for another record year of sales to leading rental companies.

Top moves at Harris Queensway

By Lisa Wood

HARRIS QUEENSWAY, the troubled electrical and furnishings retailer, yesterday announced the appointment of a finance director and the resignation of two more board members.

The moves continue the management shake-out at the company. In July Sir Philip Harris, chairman, asked Mr Peter Carr, joint chief executive, to resign.

The following month Sir Philip announced that group profits this year would fall by as much as a quarter compared with 1986.

Group interim results for the first half of this year will be announced today.

The new finance director is Mr Anthony Shanagher, formerly vice president and chief executive of Allegheny International, and before that finance director of Wilkinson Sword. He replaces Mr James Cook, the first of this year's departures.

The two latest resignations are Mr Peter Davis, deputy chairman, who has been acting group finance director since Mr Cook's departure, and Mr Tony Zahar, chief executive of the electrical division.

The company yesterday sought to play down the resignations. Sir Philip and Mr Martin Watts, the new group managing director who joined in June, were unavailable for comment.

Mr Davis joined Harris Queensway in 1980 from Price Waterhouse, the group's auditor, and was a long-term associate of Sir Philip.

Mr John Richards, of Wood Mackenzie, the stockbroker, said: "Mr Davis was a senior person at Price Waterhouse and the assumption was that as a highly qualified and respected accountant his prime function would be to put vigorous control systems in place at Harris Queensway. However, one of the great failures of Harris Queensway has been the absence of that."

It is understood that there are no plans to appoint a new deputy chairman.

Interim profits are expected to be well below £10m compared with £20.45m for the same period last year, including £3.2m property profits.

Construction orders rise

CONSTRUCTION orders in the three months to August 31 were 44 per cent higher than in the corresponding period last year.

The figures were initiated by the inclusion in July of the main contract to build the Channel Tunnel. Excluding this contract, orders were still 18 per cent up.

Consultants chosen for Severn bridge

By Andrew Taylor

G. MAUNSELL, of south-east London and W. S. Atkins of Epsom, Surrey, have been appointed consultant engineers for a proposed £183m bridge across the Severn.

The joint appointment of the two firms was announced yesterday by Mr Paul Channon, Transport Secretary. Four

groups and consortia were asked to tender.

The crossing is planned to be built at English Stone, three miles downstream of the existing bridge which is being strengthened.

The old bridge has had to cope with far more traffic than expected when it opened in

1966 - it carries about 40,000 vehicles a day - and has suffered from structural faults over the past 10 years.

Part of the work of the consultants will be to consider ways of financing the bridge, including privately. They will also prepare detailed engineering and environmental studies

Building society receipts decline

BUILDING societies' net receipts in September fell to £192m, their lowest since last November, as second instalments fell due on TSB and Rolls-Royce shares.

Withdrawals from building society accounts last month rose by £400m to just over £7bn.

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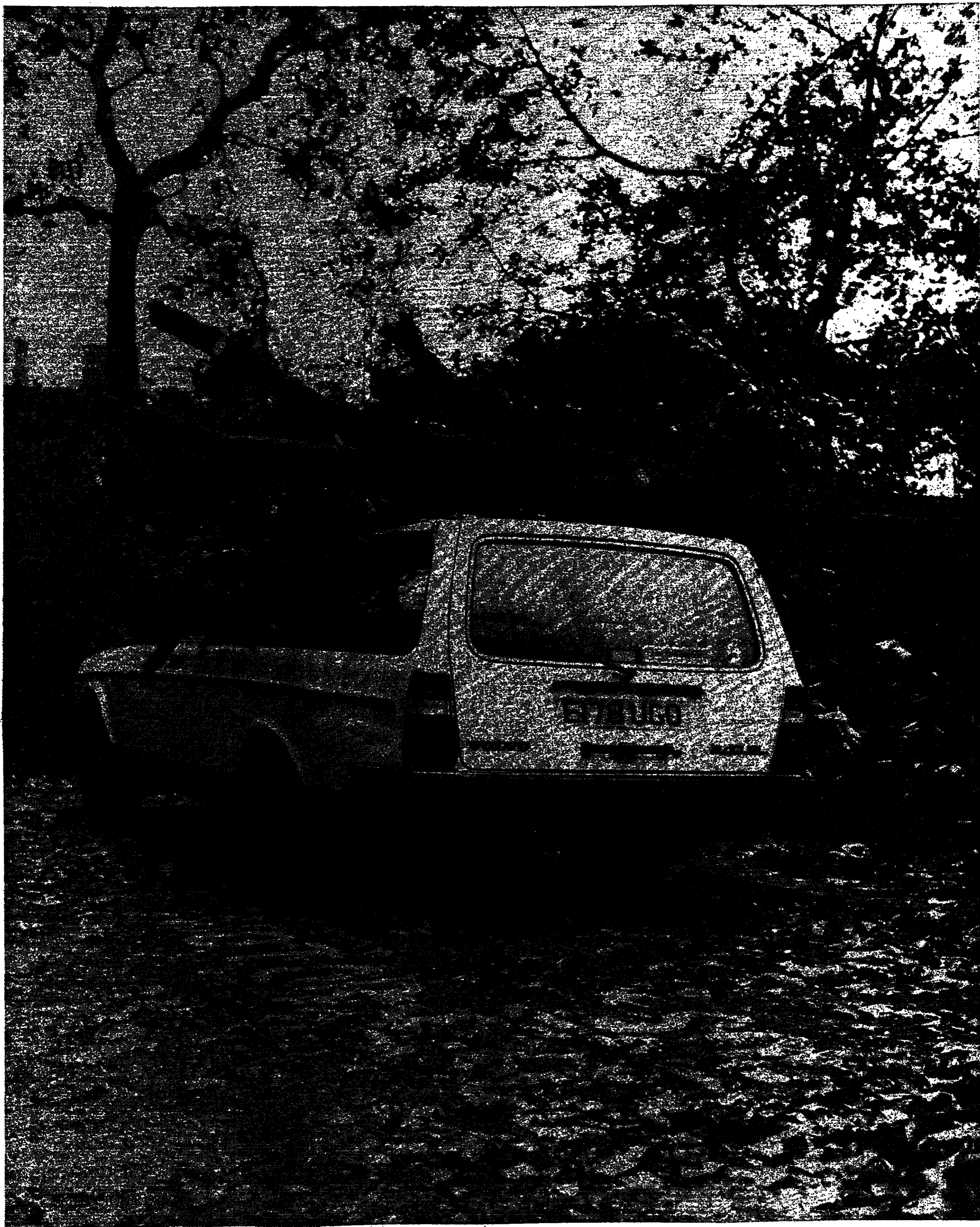
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UK NEWS

Enterprise plan for students

BY CHARLES LEADBEATER

AN INITIATIVE aimed at ensuring that by 1993 about 1m undergraduate and postgraduate students receive some enterprise training as part of their courses is being launched by the Manpower Services Commission.

The initiative also hopes to build more systematic and closer links between higher education and employers.

The commission expects students to acquire managerial and entrepreneurial skills mainly through project work with employers.

Each higher education institution will be invited to submit five-year enterprise plans laying out how the curriculum will be broadened and teaching methods changed to provide more enterprise training. The programme will cost

about £10m a year with each institution receiving about £200,000 a year.

The MSC's funding will be conditional on industry and commerce contributing funds worth about a quarter of the public investment, with the proportion rising from the third year of the plan. Employers will play a role in assessing students.

The plan mirrors the secondary schools training and vocational education initiative which is aimed at encouraging a gradual but permanent change in the curriculum to ensure that all pupils receive some vocationally oriented education.

The initiative, which will start in the next academic year, has the support of the Education Department and the University Grants Committee.

The commission expects the institutions will develop a variety of programmes but its policy paper outlines several areas of likely development.

It will be much more important to give students a 'feel' for the way enterprises work than to provide them with teaching, the plan says.

The programme may also require institutions to take on more students who do not have traditional academic qualifications but experience and aptitude for business. This is likely to require an increase in those seeking higher qualifications.

Sir Peter Thompson, chairman of the National Freight Consortium, has declined for personal reasons to become chairman of the commission. His appointment had been approved by the Prime Minister and Mr Norman Fowler, Employment Secretary.

Employers may take some MSC roles

BY CHARLES LEADBEATER

THE GOVERNMENT is likely to come under increasing pressure to effectively privatise some Manpower Services Commission functions by passing control of them to local employer networks.

The networks are employers' training bodies being set up in local education authority areas. Their national organisers expect 85 to be set up by the end of next month and 45 more by next autumn. This is below the target

of 132 networks by last month but the organisers believe slower growth will provide a firmer foundation.

The networks are intended to give employers a more coherent, systematic influence over the training and education provided by local education authorities and private-sector bodies in their area. They will also advise employers on training facilities based on analysis of local skill shortages.

The national organisers have asked ministers to allow the networks eventually to control some services provided by the commission once they are firmly established.

Mr David Stanley, project director, said a growing number of companies including ICI, GEC, Unilever, Ford, BTZ and Pilkington was backing the project. Clearing banks had also expressed interest.

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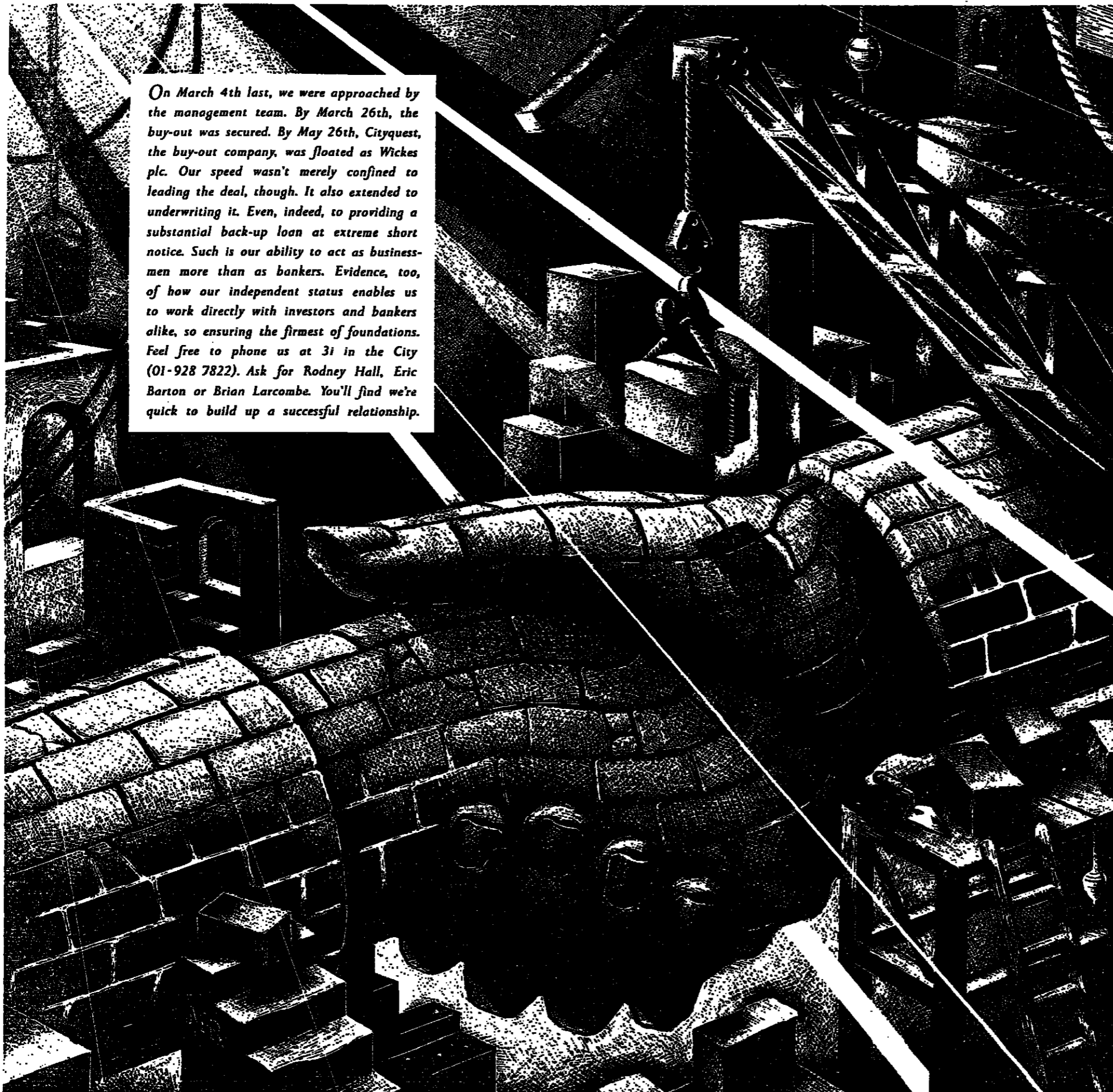
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APPOINTMENTS

Hongkong and Shanghai Bank London chief

Mr Keith Whitson is to become chief executive officer of HONGKONG AND SHANGHAI BANKING CORPORATION in November. Mr Michael Wells, who is currently general manager in charge of the bank's UK operations will be returning to Hong Kong. Mr Whitson, 44, joined the bank in 1981 after attending Alton's School in Dulwich. Since then his career has included tours of duty in Malaysia, Germany and Indonesia as well as a number of positions in the group's head office and domestic operations in Hong Kong.

He has been assistant general manager finance in the area management office of the bank's domestic operation in Hong Kong from 1985 to 1987. This job has included overall responsibility for the bank's treasury operations in Hong Kong, asset and liability management, internal accounting and economic research. This post has also involved a close relationship with the Hong Kong Government.

Mr Jonathan Tims has been appointed managing director of PICKFORDS RELOCATION SERVICES, the new wholly-owned subsidiary of Pickfords. He was sales director at Homequity.

Mr Don Crossman, Mr Brian Day and Mr John Sperry have been made directors of FULTON FREON STERLING, sterling broking company of the ICH Group. They were associate directors.

Mr Nicholas Amstutz has been appointed a director of COUTTS & CO.

Mr Peter Shuttleworth becomes a director of POWELL DUFFRYN from January 1, while continuing as group secretary. Mr Michael Wilkinson retires from the board on December 31.

Mr Raymond P. Celucci has been appointed executive vice president of RACAL-MILGO, Fort Lauderdale, Florida. He will remain president of the manufacturing division. The company is part of the Racal Electronics group.

FTC HOLDINGS has appointed Mr Peter Shirley as a non-executive director.

BARRATT SOUTHERN has appointed Mr Terry Jenkins as managing director of Barratt Central London. He was construction and technical director.

The Treasury has appointed Sir Michael Franklin as its nominee on the board of the AGRICULTURAL MORTGAGE CORPORATION for a period expiring on September 30 1990. He was permanent secretary at the Ministry of Agriculture, Fisheries and Food.

PRESCOTT UNDERWRITING & MANAGEMENT SERVICES has appointed Mr John Reeder as director-in-charge of engineering underwriting.

Mr J.L. Kavanagh has been appointed chairman, Mr M.J. Cowie managing director, and Mr S.C. Fritcher executive director of BAIN CLARSON aviation division.

BANCA DELLA SVIZZERA ITALIANA has appointed Mr Raimondo Plesad as its London representative office. Mr Michael Barr becomes manager of the treasury department. He was with Credit du Nord where he was a deputy general manager. Mr Michael Nye becomes chief dealer in the treasury department. He was with Credit du Nord's Singapore office. The trade finance department will be managed by Mr Carlo Veronesi. Mr Stephen Cossins is in charge of administration. The full service London branch opens on November 2.

Mr Bruce Scott has been appointed group managing director of BUCKLEY & BLAND, Stockport, with responsibility for Donald Kendall & Sons, and Lee & Nightingale Kendall, Liverpool. He was with the Jefferson Smurfit Group.

Mr Anthony L. Parton, a director of dealing technology consultants COMPUTER INTER-FACE SYSTEMS, has been seconded to Canadian Imperial Bank of Commerce for a year to assist with a new dealing facility being built in New York.

Mr Bill Espien has been appointed to the new post of managing director of EGBERTON TRUST, remaining finance director for the time being.

Mr Dennis Wilks, an executive director of BRENT CHEMICALS INTERNATIONAL, has been appointed chairman of the new surface treatment division. Mr Brian Garsner, also an executive director, has been made responsible for the UK and Far East operating companies in the new division.

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INVESTORS IN INDUSTRY

INTERNATIONAL APPOINTMENTS

Puma replaces chairman with ski company head

PUMA, the loss-making West German sports goods manufacturer, announced yesterday that it had appointed Mr Hans Weitschaezke as the company's new management board chairman, reports Reuters.

Mr Weitschaezke, the co-founder and manager of the West German cross-country ski manufacturer Trak GmbH, would take over from Mr Armin Dassler, the current chairman and leading Puma shareholder, by December 1, a company

statement said. Mr Dassler told the annual meeting on Monday that Puma posted a 1987 first-half group loss of about DM 14m (£4.7m), of which the largest portion was in the US. No comparative figure for 1986 first-half group loss was available.

Puma posted a group consolidated loss of DM 41.05m in 1986, its 1986 US net loss was DM 74.9m.

The statement said Mr Dassler stepped down for personal

reasons, and that he would join Puma's supervisory board.

Puma, which went public last year with an offering of 280,000 preference shares, has said that because of its US losses it would not pay a dividend for 1988.

However, Mr Dassler, who together with his brother Gerd hold all of Puma's 720,000 ordinary shares, said he would make a personal payment of DM 4.50 a share to shareholders.

PolyGram promotes Australian chief

MR BRUCE Mackenzie has been appointed senior vice-president, regional operations, of PolyGram International, the music and recording company.

The PolyGram organisations in Australia, Canada, The Netherlands and New Zealand will report directly to Mr Mackenzie, as will regional directors Kuno von Eimern and John Lear



Bruce Mackenzie: to head regional operations

and deputy regional director Alexander Naoum. The regional directors are responsible for PolyGram's national organisations in 16 countries and PolyGram licensees worldwide.

Mr Mackenzie has been in the music business since 1972. He joined the PolyGram Group in 1980 and was appointed managing director of PolyGram Records Australia in March 1983.

Austrian bank appointment

By Judy Dempsey in Vienna

MR WILLIAM H. M. de Gelsey has been appointed as a member of the International Advisory Board of Creditanstalt-Bankverein, Austria's largest bank.

He will continue to operate from Japan. His appointment coincides with Creditanstalt's decision to open a representative office in Tokyo this month.

WSE chooses duo to lead film library marketing campaign

WEINTRAUB Screen Entertainment has appointed Mr Jim N. Landis as senior vice-president of worldwide distribution and Mr Richard Milnes as UK managing director to market its film library worldwide.

WSE, the Los Angeles-based subsidiary of Weintraub Entertainment Group, has also retained as consultants three leading figures from the UK film and television industries: Mr Michael Bromhead, senior executive with Thorn-EMI; Mr Leslie Halliwell, critic, author

(Halliwell's Film-Guide's Commission) and former chief programme buyer for ITV; and Mr Gunnar Rugeheimer, former general manager of programme acquisitions for the BBC.

Mr Landis, previously vice-president of Reeves Entertainment Group, will be based in Los Angeles and supervise the international distribution of WSE's film library in all media, as well as handling the licensing and acquisition of new television and theatrical products. Mr Landis will have responsibility for formulating a business plan for Weintraub Entertainment Group's desired entry into the lucrative US first-run television syndication business.

Mr Milnes, formerly managing director of J. & M. Film Sales, will be based at WSE's international operations headquarters in London, supervising marketing of the film library.

The library consists of more than 2,000 theatrical feature films, television series and the Pathe news archives.

Asea Brown Boveri names its top team

ASEA BROWN Boveri, the new group to be formed with effect from January 1988, and owned jointly by Asea AB, Sweden, and BBC Brown Boveri, Switzerland, has named its full management team.

Mr Percy Barnevik will become president and chief executive officer and Dr Thomas P. Gasser as deputy chief executive officer of the group which will be the world's largest electrical equipment manufacturer.

The other members of the team will be Mr Arne Bennborn, Mr Erwin Bielinski, Mr Sune Carlsson, Dr Eberhard von Koeber, Mr Goran Lindahl, Dr Bertold Romacker, Mr Bert-Olof Svanholm, Dr Werner Thommen, Dr Lars H. Thunell and Dr Leonardo E. Vannotti.

Mr Barnevik, 46, was appointed president and chief executive officer of Asea in 1980. Dr Gasser is chief executive officer of BBC Brown Boveri.

Lockheed Corporation executives announced

LOCKHEED CORPORATION, the US aeronautical group, has announced three executive appointments.

Mr Barton Krawetz, 48, has been appointed executive vice-president and general manager for research, technology and engineering of Lockheed Aeronautical Systems in Burbank, California.

Mr John R. Kraick, 43, will become president of Lockheed Sanders in New Hampshire, and Mr David B. Bowman will take the post of vice-president secretary and assistant general counsel of the corporation.

CRH, Ireland's largest construction materials group, has appointed Mr Tony Barry as chief executive designate. He will take over as chief executive in January 1988 on the retirement of Mr Jim Colliton.

Mr Barry, 52, is a native of Cork and joined the group in 1984.

MR RICHARD Keatinge, British chief executive of the Bank of Ireland, has been co-opted to its court of directors.

Mr Keatinge was previously head of group strategic development and prior to that an executive director of Investment Bank of Ireland.

MR MATTHEW J. Stover has joined American Express Company as vice-president, corporate communications.

Mr Stover will be responsible for media relations and the preparation of the annual and quarterly reports.

MR CLARENCE Sampson has been appointed to a five-year term as a member of the Financial Accounting Standards Board, the private-sector rule-making body for financial reporting by businesses.

Mr Sampson is to retire as chief accountant of the Securities and Exchange Commission



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As you are no doubt aware, no-one was faster on the draw than the James Brothers.

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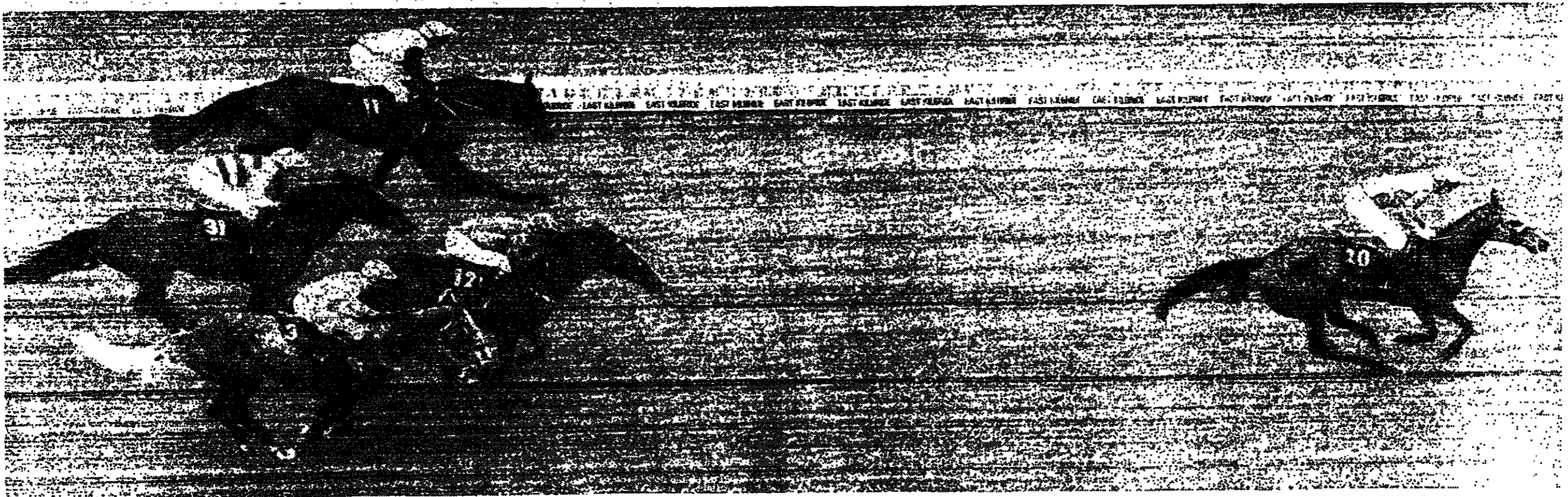
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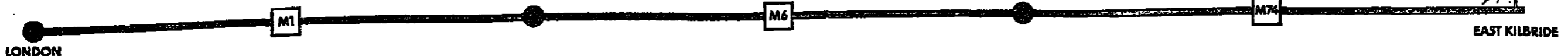
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EAST KILBRIDE

Distilling a more favourable climate

Tony Thompson on 'responsible' advertising in North America

OVER THE PAST three years, North American drinks manufacturers have been paying advertising agencies to tell consumers the disadvantages of their alcoholic products. The brewers, distillers, and wine producers say they are doing so out of a sense of public service. But it is also good business strategy, and perhaps more important, politically astute.

Their actions would have amused Sam Bronfman, the Canadian responsible for building the Seagram Company into an international conglomerate. He would have wondered why it had taken them half a century to catch on. Seagram began using the tactic in the US in 1934 - a year after prohibition was ended by President Roosevelt.

Seagram was in a good position to take advantage of the vast market in the United States when it became "wet". For years Bronfman and his brothers had been major suppliers to the US bootleggers from their legal Canadian base; some estimates put the Bronfman family's share of the illicit trade with the US as high as 50 per cent. In a very short time, two of Seagram's whiskeys became top-selling brands.

But alcoholic freedom was politically fragile. The "dry" lobby was powerful and fighting to have prohibition returned to the Statute Books. To head this off Seagrams launched a massive campaign, taking full page advertisements in 150 major newspapers across the country, headlined: "We Who Make Whiskey Say: 'Drink Moderately'".

Seagram's head office in the US received some 150,000 congratulatory letters from both those opposed to and those in favour of the anti-liquor laws that had been in effect since 1920. The slogan became one of the most successful of the era. It also had the effect of drowning the "dry" lobby's demands for the return of the National Prohibition Enforcement Act.

Seagram continued to pay for space to espouse moderation, mainly during public holidays.

During the mid-1970s it was decided to change the emphasis to address current social concerns and include wine and beer (in which, through various holdings, the Bronfman family has major interests).

The Seagram ads don't mince words. "Richard (the vice-president in the ad) isn't incompe-

tent. The villain is his luncheon, or rather the too many drinks he often has at lunch. Come afternoon, he's just not as sharp as he was in the morning. Richard is playing dice with his health (and, sabotaging his career)."

In an ad aimed at those who fly to the bottle when feeling depressed, the copy runs: "There isn't a beer, a wine or a spirit made that can cure loneliness, or, indeed, any unhappy situation."

All the current ads end with: "We believe in moderation and we've been saying so since 1934."

Seagram doesn't wait for an issue to hit the headlines. "We make a point of keeping in tune with current concerns," says Harold Pugash, vice-president of corporate relations for the Canadian operation. "We don't wait for it to become public."

The company also uses a different agency from that for its brand advertising. Others in the beverage alcohol industry have followed this lead, presumably because the brand account executives are unlikely to be in the business of shooting their sales in the foot.

For most of the time in the past 50 years, Seagram has been a voice in the wilderness. Other marketers of alcoholic drinks took the view that it wasn't their problem. All that has now changed.

As it watches legislators - and litigants - homing in on the tobacco companies, the alcohol industry is nervous. It could be the next to be picked off as pressure groups lobby politicians and canny lawyers who those who have lost relatives through drink-related causes.

The threat is real. There have been rumblings in Washington about action to limit the way in which both alcohol and tobacco products may be promoted. In Canada, legislation which would effectively ban all promotion of tobacco brands (including sponsorship of the arts and sports) from January 1989 has already had its first reading.

On top of that, one province, Saskatchewan, has made it mandatory for marketers of alcoholic products to devote 15 per cent of their budget in any one medium to educational ads. The brewers have ignored this requirement.

But the media, hungry for beer advertising, have pro-

duced their own public service messages. According to a Saskatchewan Liquor Board official, this has resulted in there being a ratio of up to 40 per cent educational to regular beer advertising on television and radio as stations fill up their inventory in slack periods.

A proposal with more persuasive power has come from Ontario, Canada's most populous state - and biggest market for alcohol products. The Liberal Government of David Peterson has said it will require brewers and distillers to apportion 10 per cent of their budgets to public awareness advertising. Ontario would be more likely to take steps to enforce its proposal than less-populated Saskatchewan.

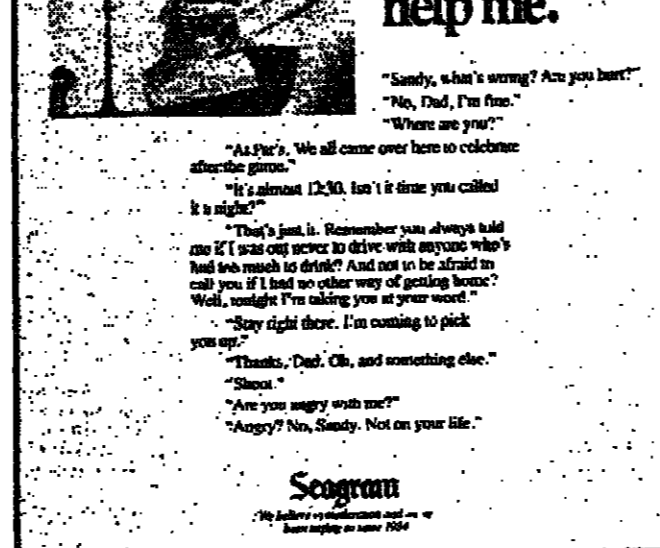
Against this background it is not surprising that last month the Brewers Association of Canada announced that it was spending more than C\$5m on research and TV advertising to promote awareness of the problems associated with excessive drinking.

During holiday periods over the past five years, individual brewers have paid for TV spots which point to the dangers of drinking and driving. Now, they say, they believe that the time has come to broaden the message.

Asked why the industry has ignored the Saskatchewan rule that has been in effect for some years, Sidney Oland, chairman of the association and president of Labatt Brewing Company, which has a 38 per cent share of the Canadian market, said: "We don't like being told how to spend our money." But they are spending it now, the expenditure representing about 2-3 per cent of the brewers' total promotional budgets.

Compared with the Seagram press ads (liquor advertising is generally banned on Canadian broadcast media and by agreement among American distillers the medium is not used in the US), the brewers' messages are bland. Unlike the zesty commercials for brands depicting Amazon-like male Yuppies enjoying the good life surrounded by fawning busty damsels that in the past have been the hallmark of beer commercials, the spots about "responsible drinking" are monotonous and soporific.

According to Oland, the association's research showed that



"body-in-the-bag" advertisements are not responded to by the public. They just close out it's too unpleasant." This suggests, in the Canadian brewers' view, that Seagram has got it all wrong for the past decade.

The US brewers' association disbanded two years ago through lack of support, but the three majors, Anheuser-Busch, Coors, and Miller, are spending significant amounts. Anheuser-Busch has a general television campaign with the message: "Know when to say when." Coors targets drinking and driving, and Miller spends its money on educational programmes to colleges and universities.

The Distilled Spirits Council of the United States (DSCU) spends \$500,000 a year on public relations. DSCU's strategy is two-pronged: first to compare the alcohol content of spirits and beer (spirits have lost market share to beer and wine since about 1984); and to make the case for tax fairness, non-abuse of the product, and on health issues.

The council does not use a cent of its, by American standards, tiny budget for buying space. It simply supplies material to the media. "Many companies would spend that much (the total budget) in one month on paid advertising," says F.A. Meister, chief executive officer of DSCU.

"These media placements

mean," says Meister, "that real inroads are being made in reassuring the public and policymakers that drinking liquor is perfectly acceptable. Changing consumer attitudes is the key to increasing sales."

Seagram shareholders will certainly drink to that. Seagram's net income from spirits and wines for the first six months of this year ending July 31 was \$67.3m compared with \$35.7m a year earlier. For the moment at least US politicians seem to be off the alcohol industry's back.

The beleaguered tobacco industry, however, still unwilling to admit to the overt health risks from using its products, has shown no disposition to spend money on such educational programmes, either individually or collectively.

"They've probably left it too late," says Alan Rae, president of the Canadian Advertising Foundation; the tobacco industry faces a total ban on promotions.

Today it seems that Sam Bronfman's savvy in 1934 was sound. The right sort of anti-advertising puts a sparkle in sales. And, along the way, it keeps the protesters and politicians out of the industry's vats. It is a point that other potential targets for pressure groups might consider. As Sam Bronfman proved: stabbing yourself in the back can be healthy for sales.

Convenience foods

Frozen out of the kitchen

Feona McEwan explains Campbell's move into upmarket dishes

DID YOU KNOW that the cook in a British kitchen spends an average 40 minutes preparing a meal, while her/his American counterpart spends 20 minutes and the food-loving French up to two hours?

This, no doubt, speaks volumes to the social chronicler. But for food manufacturers, which work out such facts and act on them, the writing on the kitchen wall is clear.

As the time spent slaving over a hot stove decreases, so the demand for ready-made meals and partly prepared meals increases. Changes in family working habits have brought about changes in family eating habits. In short, now that the vast majority of women work outside the home, mealtimes are not what they used to be.

Indeed, another factual nugget the manufacturers have come up with is that the number of eating occasions per day for a household works out at 4.4. Of these only 1.68 are traditional meals; the remaining 2.72 are snacks.

Add to this the growing popularity of microwave ovens - used mainly for reheating and defrosting - and of freezers, and the picture of today's on-the-run eating habits becomes clearer. Market penetration of microwave in the UK has risen sharply to nearly 30 per cent of homes, while that of freezers is now more than 70 per cent.

Small wonder, then, that, as manufacturers claim that the number of recipes the average British cook carries in her or his head is a paltry five.

For Campbell's, one of the world's largest food companies, the search for ways to meet the demands for ready-made and partly prepared meals, is taking the company out of cans and into freezers. Most famous in the UK for its condensed soups - though far more in its native US - the company is now gearing up for a major expansion in Europe into frozen foods. The initiative is separate from the company's soup activities which will continue unabated.

The move into what Campbell's trumpets as "a new generation of frozen foods" will bring a range of upmarket convenience meals into the stores. There are three ranges in the initial launch, all labelled in French in an attempt, no doubt, to imply quality - Soupe du Jour, and two pastry-wrapped ranges, vegetables en croute, and seafood en croute.

These dishes signal a move towards more imaginative eating - a route that has been pioneered



Campbell's lobster en croute, packaging by Michael Peters, is designed to stop cooks slaving over a hot stove

by the food multiples like Marks and Spencer and Sainsbury. The fishy pastry products contain mushrooms or broccoli or asparagus in rich creamy sauce. The seafood en croute is positioned as pure indulgence food - "we're not expecting these to be best sellers," says the company - based on shrimp, lobster and crab.

The emphasis is on ingredients aimed at the health-conscious eater. There are no additives and the range is aimed unashamedly at the hedonist eaters who are willing to pay more for better tasting food. The soups, for example, will retail for 99p for two portions, a far cry from its mass market canned varieties which retail at around 30p.

The new frozen food range is in not an attempt to take on the mass market frozen food suppliers. Campbell's is engaging in niche marketing of sorts, filling a gap its research tells is there. The range is aimed at busy working people of any age.

The advertising campaign to be launched nationally in the new year sums up the kind of consumer it thinks it will appeal to. The three commercials feature a well-off couple of indeterminate age. The copy line devised by advertising agency Collett Dickenson Pearce is "Campbell's frozen foods - what people who eat out, eat in."

The ads make their point with nice touches of dry humour; they feature the same couple in various situations eating out and wondering why. One commercial shows them driving home in the car after a meal out, unimpressed.

He to her: "£30 for child's portions... how did you find the fish?" She to him: "I just rolled back the pea and there it was."

Campbell's decision to move into this new area is based on a

number of factors. For a start, the frozen food market is very dynamic in the UK as well as in the US. The UK has the second highest consumption of frozen foods per head after the US in a market growing by about 4 per cent per annum and expected to be worth £2.4bn in the 1990s. Within this sector, specialist meals are growing fast and innovation is the key.

"It's where the excitement is," says John Jesky, deputy managing director Campbell's UK. "We have an enormous reservoir of knowledge of frozen foods in the company." In the US, Campbell's has frozen food interests in batteries, fish dishes and vegetables.

Campbell's research indicated that consumers were looking for quality, interesting, innovative food and were willing to pay more for it. Food multiples like Marks and Spencer have paved the way. The joy of frozen food is that unlike canned food, ingredients such as cream, real slices of vegetable and so on can be included. The research findings also showed that consumers would take to Campbell's frozen foods only if the quality was up to scratch.

In devising the recipes for its new real food products, Campbell's has employed a classical chef who is not a food technologist and who concentrates on taste and texture.

To service this new venture, Campbell's has invested £12m in a new factory in Salford from which it aims to supply the UK and the rest of Europe.

For the moment, the company is testing the British palate but if the range is as successful as it hopes, it will trigger a whole pantry of upmarket convenience products, so confirming Jesky's view that the preparation of food is moving away from home and into the factory.

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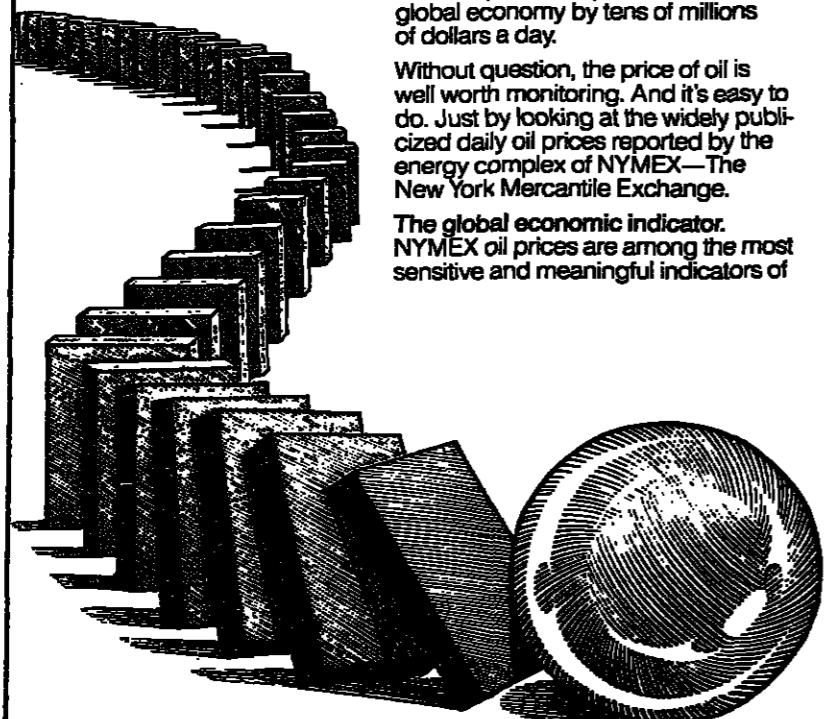
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LAW & SOCIETY

Judges without mystique

By A. H. Hermann, Legal Correspondent

THE WEATHERMEN can predict showers, rain, and sunny intervals fairly accurately; the Stock Exchange analysts can point out an over-valued company or two; a good lawyer will warn you of the twists and pitfalls in contracts and litigation. But no one seems able to predict a hurricane, a Black Monday - or to see that the present way of appointing untrained judges to positions of almost absolute power will one day give way to a storm of popular discontent.

"English judges are the recipients of unmerited abuse and unjustified compliments. They are treated as symbols of an all-powerful but incomprehensible force which is not susceptible to the standards of rational analysis applied to all other public institutions," writes David Pannick, Barrister and Fellow of All Souls, in the introduction to his book, *Judges*, published a fortnight ago. And he concludes: "We need judges who are not appointed by the unassisted efforts of the Lord Chancellor and solely from the ranks of middle-aged barristers. We need judges who are trained for the job, whose conduct can be freely criticised and is subject to investigation by a Judicial Performance Commission; judges who abandon wig, gown, and unnecessary linguistic legalisms; judges who welcome rather than shun publicity for their activities."

Reviewing the book on television last week, Lord Denning judiciously and impressively presented the author's criticism, arguments and proposals. A nationwide audience listened enthralled, assuming the great old man of English justice to be on their side, but he soon disenchanted them: David Pannick was wrong, wrong, wrong. Leave the judges as they are, he said. Lord Denning, the great reforming judge, who spent a lifetime on the bench fighting the Law Lords and other of his "fainthearted" brethren over issues of law, remains loyal to the judiciary, warts and all.

Disappointingly, though not unexpectedly, Lord Denning thus joined the chorus of judicial protests against any reform which would replace the habits, convention and mystique of the judiciary with reason, transparency and critical evaluation of its performance.

Some years ago, before the review of civil justice was even started by Lord Hailsham, Lord Justice Parker dismissed it in his Denning lecture, saying that all that was necessary was more

courtrooms and, of course, more judges.

No sooner had Lord Hailsham retired than Lord Lane, the Lord Chief Justice, warned his successor not to "emasculate the High Court and the Circuit" by making most cases start in the county courts with only the more difficult progressing to the High Court. There was no need to link the High Court and the county courts in one organisation. In Lord Lane's view all that was needed was to build more law courts in the Strand, to appoint more High Court judges, and to bring the organisation of the courts to the standard of the Commercial Court.

However, the much praised Commercial Court procedure looks advanced only in comparison with other parts of the High Court. It is still unbelievably slow. The present waiting times range from 12 to 18 months for a three day case, to three years and three months for a 6 week case. There are, in fact, cases where the judges sit for 6 weeks listening to interminable and

others working in their chambers on different days of the week. This makes an extra courtroom available for the use of two-judge court hearing appeals which do not last for more than a day. Sir John has also done much to speed up the hearings and assures the public that his court will continue to adopt an interventionist policy designed to concentrate the minds of the parties and their lawyers on the need to make speedy progress with appeals.

However, there are limits to what can be achieved in this way, concluded Sir John: if the court is to provide a speedier service more judges will have to be appointed and more courtrooms made available, unless measures are taken to reduce the number of appeals coming before the court.

Sir John deserves every support in his efforts to persuade the Bar and the Solicitors to encourage parties to make hopeless appeals. If he does not succeed it may be necessary, as he suggests, to make all appeals

this half an hour could be easily saved by concentrating the minds of the parties and of the lawyers on cutting out unnecessary waffle - in line with the intentions of the present Master of the Rolls.

Another question which does not apply so much to the Court of Appeal as to the Family Division of the High Court and to the Commercial Court, and even more so to criminal courts when hearing the evidence of children or dealing with juveniles, is whether it would not often be better, if instead of sitting on an elevated bench the judges took off their wigs and sat with the parties and witnesses round a table. Even if there were seats provided for the public, such arrangement would be possible in smaller and less elaborate courtrooms.

Having thus solved the problem of courtrooms, let us now turn to Sir John's constitutional objection to the Lord Chancellor's interference. He seems to interpret the constitutional independence of the judiciary as including not only its independence in deciding disputes according to law, but also in every operational way. Thus questions of procedure, of listing of cases, of speed with which matters are disposed of and of course also sittings, vacations and utilisation of courtrooms should be left to the judges - who mostly differ from Sir John in their complete lack of managerial talent.

A similar discussion took place in the United States before 1936, when the responsibility for the administration of federal courts was taken away from the Department of Justice and entrusted to a newly created Administrative Office of the US Courts. In deference to the constitutional doctrine of separation of powers, this office was constituted as a part of the judicial branch of government.

This system can hardly serve as a model for the UK. Its administrators work in parallel with chief clerks and are mainly concerned with budget and computerisation. A combination of a Ministry of Justice and a Judicial Commission able to select judges from a wide circle including barristers, solicitors and academics, providing for their training and refresher courses, would be much better. It could be the beginning of a career judiciary in which young judges could start in county courts with a low lord's wig in their briefcase.

David Pannick, *Judges*, Oxford University Press, £12.95

If judges sat in two shifts, there would be no need to build new courtrooms

often superfluous evidence and arguments.

However, Lord Justice Parker and Lord Lane were only warning shots. This became clear when Sir John Donaldson, the Master of the Rolls, presented his review of the legal year 1986 to 1987. He went immediately to the root of the disquieting reform proposals. It would be a serious misconception, he said, to suggest, as the Civil Justice Review seems to do, that the Lord Chancellor has some ministerial responsibility for the operational work of the Civil Division of the Court of Appeal. In his opinion, the responsibility rested solely with the judges. "The ministerial responsibility of the Lord Chancellor is to provide suitable and sufficient administrative manpower and resources," he said, explaining later in his speech that "the long term solution is more courtrooms."

Not that Sir John had not given much thought to better utilisation of the courtrooms that are already available. He introduced the "musical chairs" courtrooms which are made available to floating judges by

dependent on the granting of leave. As the business of the courts escalates, more judges may also have to be appointed, but there remains an unexplored possibility to obviate the need for further building expansion on the Strand.

The judges of the Supreme Court - the High Court and the Court of Appeal - sit normally from 10.30am to 1 pm and again from 2pm to 4pm in the afternoon. This of course is not their entire working day, they also spend many hours studying papers and writing judgments in their rooms. This means that courtrooms are used for only 4½ hours in every 24 hours. Any factory manager would be ashamed to use valuable plant for such a small fraction of the day. Two shift sittings seem to be the obvious solution. One judge or one bench of judges could sit in the courtroom from 9am-1.30pm and another judge, or bench of judges could use the same courtroom from 1.30pm-5pm. Even with half an hour's break in the middle of these sittings each judge could sit for a full four hours, only half an hour less than at present, and

INTERNATIONAL BUSINESS MACHINES CORPORATION NOTICE OF REDEMPTION

6-3/8% Exchangeable Subordinated Debentures Due 1996 Exchangeable for Capital Stock of Intel Corporation Redemption Date November 10, 1987 Exchange Privilege Expires at the Close of Business on November 9, 1987

October 10, 1987
To the Holders of 6-3/8% Exchangeable Subordinated Debentures Due 1996:
International Business Machines Corporation, a New York corporation (the "Company"), has called for redemption on November 10th, 1987, all its outstanding 6-3/8% Exchangeable Subordinated Debentures Due 1996 (the "Debentures"), pursuant to Section 7 of the Terms and Conditions of Debentures. The redemption price is 105% of the principal amount of each Debenture plus interest accrued to the redemption date (or U.S. \$5,470.47 for each U.S. \$5,000 principal amount of Debentures). Holders of Debentures may, at any time prior to the close of business on November 9, 1987, exchange their Debentures for shares of Capital Stock of Intel Corporation ("Intel Capital Stock") pursuant to Section 4 of the Terms and Conditions of Debentures.

The following alternatives are available to the holders of Debentures:

(1) Holders may exchange their Debentures for shares of Intel Capital Stock in accordance with the provisions of the Debentures. Intel Corporation has declared a 3-for-2 stock split in the form of a stock dividend payable on October 28, 1987, to stockholders of record on September 28, 1987. The Debentures are currently exchangeable at a price of U.S. \$38.50 principal amount of Debentures for each share of Intel Capital Stock, equivalent to 129.870 shares of Intel Capital Stock per U.S. \$5,000 principal amount of Debentures. On and after October 28, 1987, the Debentures will be exchangeable at 194.805 shares per U.S. \$5,000 principal amount of Debentures, equivalent to an exchange price of approximately U.S. \$25.67 principal amount of Debentures for each share of Intel Capital Stock. As a result of the foregoing, holders of Debentures submitted for exchange who receive certificates for shares of Intel Capital Stock issued prior to October 28, 1987, will receive a certificate for a number of full shares of Intel Capital Stock based upon the exchange rate of 129.870 shares per U.S. \$5,000 principal amount of Debentures, and a due-bill for an additional number of full shares, so that such holder will receive an aggregate number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures. Any such due bills will be non-transferable and will be satisfied by delivery of shares of Intel Capital Stock after October 28, 1987. Certificates issued on or subsequent to October 28, 1987, upon exchange for Debentures will represent a number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures. No payment will be made upon any exchange on account of interest on the Debentures or cash dividends on Intel Capital Stock. No fractional shares of Intel Capital Stock will be issued upon exchange of Debentures; instead, fractional shares will be paid for in cash based upon the Market Value (as defined in the Terms and Conditions of Debentures) of the shares on the business day next preceding the date the Debentures are delivered for exchange, as adjusted to reflect the 3-for-2 split where appropriate. The closing sale price of Intel Capital Stock as reported by NASDAQ on October 6, 1987, was U.S. \$60.75 per share (which price did not reflect the 3-for-2 split).

(2) Holders may sell their Debentures on the open market.

(3) Holders may surrender their Debentures for redemption at the redemption price of 105% of the principal amount of the Debenture plus interest accrued to the redemption date. Interest will cease to accrue on the redemption date.

Exchange Privilege

Pursuant to Section 4(b) of the Terms and Conditions of Debentures, Debentures to be exchanged must be surrendered (in the case of a Bearer Debenture, together with all unexpired coupons appertaining thereto or, in lieu of any missing unexpired coupons, funds equal to the aggregate face amount of all such missing coupons) during regular business hours at the office of the Registrar or any Transfer Agent referred to below (or, in the case of a Bearer Debenture, only at the office of a Transfer Agent), by the close of business on November 9, 1987. The London office of Chemical Bank has been designated as an additional Transfer Agent for purposes of accepting Debentures surrendered for exchange. THE EXCHANGE PRIVILEGE FOR BEARER BONDS EXPIRES AT THE CLOSE OF BUSINESS ON NOVEMBER 9, 1987, AT 5 PM LONDON TIME, AND FOR REGISTERED BONDS AT 5 PM NEW YORK TIME ON THE SAME DATE.

Debentures surrendered for exchange must be accompanied by a written Exchange Notice stating that the holder elects to exchange such Debentures and also stating the name or names (with address and tax identification number to the extent required) in which the certificate or certificates for shares of Intel Capital Stock deliverable upon such exchange shall be issued. Registered Debentures surrendered for exchange must be accompanied by proper assignments thereof to the Company or in blank for transfer.

Pursuant to Section 4(b) of the Terms and Conditions of Debentures, the Company will, as promptly as practicable after receipt of the Exchange Notice and surrender of Debentures in proper form for exchange, deliver or cause to be delivered to the surrendering holder, at the office of the Registrar or Transfer Agent at which the Debentures were surrendered, a certificate or certificates for the shares of Intel Capital Stock deliverable upon exchange, together with payment for any fractional shares and, if necessary, a due-bill with respect to shares of Intel Capital Stock deliverable as a result of the 3-for-2 stock split described above. Notwithstanding the foregoing, holders may elect, pursuant to the Exchange Notice, to receive delivery of such stock certificates, due-bills (and stock certificates in respect thereof) and payments by mail. Any such delivery effected by mail shall be mailed to the address specified in the Exchange Notice, and such mailing shall be at the risk of the holder.

The closing sale price of Intel Capital Stock as reported by NASDAQ on October 6, 1987, was U.S. \$60.75 per share. SO LONG AS THE MARKET PRICE OF INTEL CAPITAL STOCK EQUALS OR EXCEEDS U.S. \$42.125 PER SHARE (OR U.S. \$28.125 PER SHARE AFTER OCTOBER 28, 1987, REFLECTING THE 3-FOR-2 SPLIT REFERRED TO ABOVE), A HOLDER OF DEBENTURES WHO EXCHANGES SUCH DEBENTURES WILL RECEIVE INTEL CAPITAL STOCK WITH A MARKET VALUE, PLUS CASH IN LIEU OF FRACTIONAL SHARES, GREATER THAN THE AMOUNT OF CASH THAT THE HOLDER WOULD RECEIVE UPON REDEMPTION.

Pursuant to Section 7 of the Terms and Conditions of Debentures, the Company's option to redeem the Debentures prior to March 1, 1989, is subject to the condition that the market price of the Intel Capital Stock is at least 130% of the exchange price, on each of the 30 successive trading days immediately preceding the fifteenth day prior to the initial publication of the notice of redemption. This condition was satisfied as of September 24, 1987.

The payment of the redemption price will be made (i) in the case of a Bearer Debenture, at the main office of the Fiscal Agent in London, or, subject to applicable laws and regulations, the office of any Paying Agent referred to below, and (ii) in the case of a Registered Debenture, at the principal corporate trust office of the Fiscal Agent in New York or, subject to applicable laws and regulations, the main office of Banque Internationale a Luxembourg referred to below, upon presentation and surrender of the Debentures to be redeemed (in the case of a Bearer Debenture, together with all unexpired coupons appertaining thereto).

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Chemical Bank, 55 Water Street, New York, New York 10041, United States

London Office of Fiscal Agent,
Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 1EX, England

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Chemical Bank, 85 Avenue Marceau, 75783 Paris, France
Chemical Bank A.G., Ulmenstrasse 30, 6000 Frankfurt am Main 17, Germany
Chemical Bank, Freigutstrasse 16, CH-8039 Zurich, Switzerland

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Banque Internationale a Luxembourg, 2 Boulevard Royal, 2953 Luxembourg Ville, Luxembourg
Kredietbank N.V., 7 Arenbergstraat, 1000 Brussels, Belgium

NZI Corporation Limited

Results for the year ended 31 March, 1987

	YEARS ENDED 31 MARCH	
	1987	1986
	NZ\$000	NZ\$000
Operating Revenue	2,017,160	1,304,892
Consolidated Net Earnings	145,311	85,245
Total Assets	6,225,392	5,699,694
Shareholders' Funds	756,347	495,205
Earnings Rate on Average		
Shareholders' Funds	23.5%	19.0%
Earnings per share	23.5cents	21.3cents
Dividends per share	10.5cents	9.0cents

Extracts from the Chairman's Address to the Annual General Meeting held in Auckland on Monday, 10 August 1987.

"NZI Corporation is the first New Zealand private sector Company to obtain long-term credit ratings in the United States. The rating from Standard and Poors was A+ and A2 from Moody's Investor Services."

"Our major banking presence is in New Zealand and Australia, but we also have operations in London, Toronto, Hong Kong and Singapore and believe that our presence in these markets significantly enhances our capability as a bank for our New Zealand and Australian customers."

"Over the same period as we have achieved successful diversification into corporate and investment banking we have substantially restructured and strengthened our long-established insurance business. The Board is determined to maintain the momentum that has been built up, and to realise the potential that lies in NZI's now broad financial services base."

"In the interests of keeping the market and shareholders better informed, NZI Corporation will report interim results quarterly, commencing with the June 1987 quarter."

Copies of the Annual Report and Accounts may be obtained by writing to Public Affairs Department, NZI Corporation Limited, PO Box 3476, Auckland 1, New Zealand.

THE situation of the world economy after the stock market debacle is serious but not hopeless - the opposite of what the "strong" group of nations proposed to have said as they watched their empire totter in to war and collapse.

Here is a six-point plan, covering the situation that has not been urged many times, which each country can undertake individually in its own self interest.

1. Each country should be reinforcing if undertaken together.

2. What the US needs is not cheaper or dearer money, but a new money.

3. The US needs to restore confidence both to the US and the world economies than a confining policy to the outside of the US.

4. The Federal Government deficit (which might leave a federal deficit of no more than \$600m). Half the cost should be paid within the next fiscal year.

By Samuel Brittan

The events leading up to the 1987 stock market debacle are easy enough to chronicle. This year's rise of 3 percentage points in long-term bond yields in Japan, the U.S. and elsewhere, together with substantial rises in Germany and other countries, should have been a warning signal.

It did not in itself, however, make the bear market in equities inevitable.

Henry Kaufmann of Salomon Brothers points, however, to an interesting contrast. Last time around, the real return on 10 per cent in 1979, short-term rates were very much higher as they had been jacked up by the Fed in anti-inflationary dollar-swap programmes. The result was that the markets took a long time to lead to the eventual recovery.

once inflation was slain. This time short-term rates are well below long-term ones because the Fed protests that inflationary fears are overblown.

But the Fed's move for the stock market rumbled by another threat, the possibility of a so-called bad US trade figure on October 14. At the same time, the tightening of German monetary policy caught world attention. The Fed's protest on the continuation of the Louvre agreement.

James Baker, the US Treasury Secretary was right to criticise the German government, the so-called Bundesbank, but wrong to add hints that he would start to talk down the dollar.

If there is one rational ground for short-term pessimism it is that the dollar will go into free fall; and that the Fed would

take flight and embark on a re-evaluation of its interest rates, which would bring about the recession which the American financial community so loves to discuss.

Not surprisingly there was a hasty retreat by all parties, with a US-German statement on Monday night reaffirming the Louvre Accord and German acceptance of higher interest rates. But by then much damage had already been done.

The main reason why US interest rates should have been raised in the first place, in 1987 is the dollar. The great mistake of the Louvre agreement was not the attempt to put a floor under the dollar, it was the attempt to do so mainly by other means than by raising the official exchange market rather

But once overall confidence is restored, they might well believe that the downward crawl can be held to the 3 to 5 per cent per annum corresponding to international inflation differentials. This would be the best way to end fears of either an over-rigid target or a free fall of the dollar.

cigarette burns around his genitalia was one specific example cited. We need not dwell on that category. Pregnancy, venereal disease, the presence of semen, and cuts or bruises constitute undeniable physical evidence of a second category; most of these are handled by the police. But there are always suspicions, however, in the case of suspected intercourse, even with very young children. As the paediatrician put it, echoing a rather less blunt formulation in *The Lancet*, "a child can have a bruised bottom but not have been sexually abused; a child can have been penetrated but not have a bruised bottom."

Diagnosis. In her view, doctors should take the child's account (it is assumed by most professionals that very young children do not lie, particularly in the case of sexual abuse) as the sole source of information about the family and its circumstances. The child's behaviour was the only clue to the truth. The three-year-old girl who, on examination, giggled about in a manner that her parents later learned was her way of giggling while watching a pornographic film on their video, and of another girl who had been sexually abused by her father, was the only indication when undressed. (Fortunately that particular father has left the family home.) Such a view of the child's role in a multi-disciplinary approach in which doctors, police specialists, social workers and others play an essential part is far from in the interests of the child.

But what of non-physical abuse, like performing sexual acts in front of children? Done repeatedly, in a threatening way, by a stepfather or a grandfather (both real cases), this can be psychologically damaging. It is not, however, a clear-cut reason - to the lay observer - to remove the offender. The sensible social services directors tend to agree: they would try a word in the offender's ear first, and a warning to others in the family after that. In cases where the abuse is obvious, cases there are few certainties in this area of practice; paediatricians, and others, can be wrong. The sensible ones are conscious of that, the physical rest of us is not. To take on board is that, alas, they can be right.

Hard as it is to credit, there really is a category of extreme abuse. A six-year-old boy with

Both Vice-President George Bush and Treasury Secretary James Baker believe that the inhibitions on the spending cuts and tax increases required are nothing more than a political ploy. It is not true they told the President this in unmistakable terms and worked with Congressional leaders on a drastic emergency program.

Fiscal restraints in Britain under Chancellors Denis Healey in 1976-77 and Geoffrey Howe in 1980-81 were associated with a period of recession and economic recovery; and the move to a near-balanced budget under Nigel Lawson - however it has come about - has been associated with Britain's growth leap to the top of the growth league.

After an emergency fiscal package, the Fed will have the room it does not now have to relax or tighten policy in line with economic requirements and financial markets will also have a better idea of where the dollar needs to go.

● The West German authorities should commit themselves to an objective of 2.5 per cent inflation, limiting the domestic product, to be achieved up to 1990 by whatever mixture of monetary and fiscal policies they choose. To follow this policy, the Bundesbank must be strongly free to adjust its monetary targets in the light of changes in the velocity of circulation. Mr Eaker too must be free to use the word "inflation", which both the objective and the monetary target are objective achievable and build

● There must be some Japanese contribution, even if across-the-board monetary reformation is not a suitable response to the rampant speculation. The infrastructure spending frequently recommended to all and sundry on ideological grounds may indeed be what Japan requires on a larger scale than already planned.

● Once markets have settled, the Louvre Accord should be transformed into one of purchasing power parity with an adjustable central parity.

● The British should end all the years of waiting for the "time to be ripe" to join the European monetary zone, and say, "when? The game of

guessing how the Prime Minister's mind might move on this has lost its fascination and it is time the Cabinet played a role of the kind suggested for Bush and Baker in the US.

● The misleading statistics which throw markets off balance need to be taken in hand. It is quite possible that a greater need for the dollar as a guarantee of nations in the world should have its currency at the mercy of monthly trade figures which do not even separate value from volume. If the US, which has an external surplus, should report a deficit because of statistical scruples in allocating the balancing item. Nor can we have a dollar deficit in the world economy of an annual deficit with itself of \$50bn to

The details of the operation of such a "stock market stabilisation scheme" may require some further working out. One could imagine an FT Ordinary "target zone", with either rigid or soft margins around a trend reflecting the perceived underlying growth of profits, with the government's intervention rule either public knowledge or under the Official Secrets Act. Some international co-operation, much in favour recently, may also be required.

Dollar rise wanted

The failure of the US trade deficit to show any appreciable shrinkage, nearly three years after the American currency started on its uninterrupted decline, leads most analysts to conclude that the dollar's fall to date, although very severe, is still far from sufficient, and that a further important drop is not only necessary but in the offing. Never mind that anyone who visits the United States finds the price of many goods there

The conclusion? Paradoxical as this may sound, I suggest that we would witness a rapid improvement in the US trade balance if the dollar were to rise, and that such an improvement would continue for as long as the currency had a slow steady climb - but stopped short of the dizzy heights reached in early 1986.

Daniel Salem,
Vogue House,
Hanover Square, W1.

**From the Director of Audit and Accounting Services,
Price Waterhouse.**
Sir, Mr. John A Newman (October 16) commented on the subject of incorporation by accountancy firms and in particular the ownership of up to 49 per cent by "outsiders." Mr Newman goes on to indicate that Peat Marwick McLintock and Price Waterhouse have gone on record as opposing "the offer of

must be done in arriving at a sensible but, nevertheless, acceptable approach which allows the profession to change with the times but does not compromise the interests of clients or users of financial statements.

Colin Brown,
32 London Bridge Street, SE1.

If we want to become a nation of responsible capitalists with long term horizons, this, surely, is the way to achieve it?
David G Lindsay.
36 Orchard Coombe,
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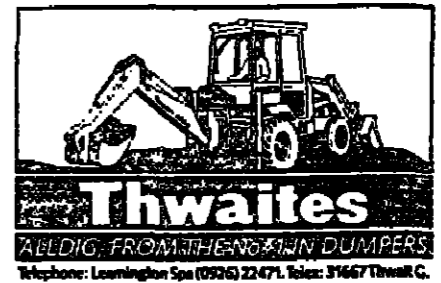
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CONSTRUCTION EQUIPMENT

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 22 1987



BOOST FOR INDUSTRY BASED ON ALLIANCES

IBM unveils telecom strategy

BY DAVID THOMAS IN GENEVA

INTERNATIONAL Business Machines, the world's largest computer company, yesterday set out its strategy to boost its telecommunications business based on alliances with other companies in the industry.

IBM, which has recently been under pressure in its core computing business, is putting greater stress on telecommunications because it believes the long talked about convergence with computing is now beginning to happen.

Mr Michael Armstrong, president of IBM Europe, said: "We are increasing our involvement in the telecoms business through alliances with other suppliers in the industry."

Mr Armstrong, making an unusually detailed statement of IBM policy at an international telecommunications exhibition in Geneva, explained that IBM wanted to combine its knowledge of computing and network management with telecommunications companies' understanding of public switching and telephone services.

He coupled this statement with announcements of two such agreements - with Siemens of West Germany and Bell Atlantic of the US - to develop new types of services over the telephone. This will include credit card validation, free-phone services and business networks, which reduce companies' costs by imitating aspects of private lease lines.

Other recently concluded IBM alliances have been a similar deal with Ericsson of Sweden, an agreement with Stet of Italy on computer-integrated manufacturing, and co-operation with a group of French financial institutions on value-added services.

These relationships are non-exclusive, but Mr Armstrong stressed that the development agreement could lead to joint commercial exploitation of the products.

He also killed speculation in the industry by stating that IBM had no intention of manufacturing trans-

mission equipment or public exchanges.

IBM is basing its push into the European telecommunications market partly on the private digital exchange developed by Rolm, its telecommunications equipment subsidiary, which it unveiled earlier this month.

He also welcomed steps throughout Europe towards the deregulation of telecommunications but warned that charges for leased lines should be brought into line with costs because they varied greatly throughout Europe and added that telephone administrations must not be allowed to cross-subsidise their competitive services from their core networks.

Enichem and Dow in joint venture

By John Wyles in Rome

ENICHEM, the Italian state chemical company, and Dow Chemical Europe are to build a jointly owned plant in Italy for the manufacture of advanced epoxy resins.

The joint venture marks a further stage in Enichem's strategy of building alliances with foreign producers to cover its areas of technological weakness. Dow Chemical is regarded in Rome as a major prize because it stands number two to Shell in the world league table of producers of advanced resins.

The US multinational, for its part, will be able to exploit Enichem's solid position in its domestic market to increase the penetration of its resins. These are employed in many high-technology applications ranging from electronics to space equipment.

Neither side is yet releasing details of the size of their investment, nor of the capitalisation of the holding company which they have agreed to set up. The accord has been established by letter of intent, and it is not known when it will be put into operation.

It is the latest in a series of new ventures put together by Enichem which include two agreements with Aero Chemical covering the production and marketing of thermoplastics in the US and of terephthalates in Europe.

A joint venture is also being set up with Du Pont for the supply of polyethylene conductors to the gas industry and another with Baker Perkins Chemical Machinery for producing films in linear polyethylene.

Morgan Stanley doubles quarterly net earnings

BY JAMES BUCHAN IN NEW YORK

MORGAN STANLEY, the blue-chip Wall Street investment firm, yesterday reported a doubling of net income in the three months to September and said that it had ridden the turmoil in the stock market without serious mishap.

At the same time, American Express, the financial services group which reported a small decline in third-quarter earnings, said that its Shearson Lehman subsidiary was well-equipped for turbulent markets.

Morgan Stanley reported earnings of \$72.9m, or \$2.82 a share, in the September quarter, against \$36.5m, or \$1.57, in the same period of 1986. Revenues net of interest ex-

pense were \$502.9m compared with \$329.7m.

Morgan Stanley said that its revenues from trading on its own account rose to \$130.2m from \$91.3m, despite the fall in fixed-income markets during the quarter.

In the current quarter, "our whole worldwide system and risk controls have performed exceptionally well during the equity market turbulence," Morgan Stanley said. "The company is in excellent shape from a business and financial point of view."

In the nine months, Morgan Stanley reported net income of \$199.8m, or \$7.83 a share, on revenues of \$1.42bn. The comparable

1986 figures were \$143.0m and \$6.11 a share in net profits and \$1.03bn in revenues.

American Express reported third-quarter net income of \$264.9m, or 60 cents, against \$292.9m, or 66 cents. Revenues were \$3.95bn against \$3.55bn.

The group was held back by its smaller share of earnings from Shearson after this year's sale of a minority interest in the firm.

But the group said that Shearson's "unique business mix with its diverse revenue streams, together with its strong capitalisation, will be positive factors in these times of unprecedented market turbulence."

ITT lifted by strong casualty business

By Our Financial Staff

ITT, the US financial, industrial and travel conglomerate, announced a 70 per cent increase in earnings for the third quarter with net income rising to \$210m, or \$1.39 a share, compared with \$126m, or 82 cents, in 1986.

In the nine months to end-September, net income climbed to \$637m, or \$4.19, from \$392m, or \$2.57, last year.

Sales and revenues, including finance and insurance, rose 11 per cent to \$4.9bn in the quarter, from a restricted \$4.3bn in 1986. Nine-month sales were \$14.3bn, a rise of 13 per cent over \$12.7bn in 1986.

Diversified services gained ground, largely due to strong domestic casualty business in the Hartford operations. The life insurance division also benefited from tax reforms, helping to offset negative impacts in group medical results.

Included in net income in the 1987 quarters was a loss of \$18.2m, or 11 cents a share, for reserves set aside to phase out or dispose of several investments. The 1986 third-quarter results reflected a deduction of \$19.5m, or 13 cents, for similar items.

UBS reports brisk rise in business

By William Dufforce in Geneva

UNION BANK of Switzerland yesterday reported a brisk rise in business in the third quarter. Without stating profits, it predicted a "favourable" result for 1987 as a whole.

Last year Switzerland's biggest bank posted a 12 per cent rise in net earnings to SF776m (\$517m).

There was a renewed business upswing in recent months, UBS said, following a slight slowdown in the first half.

Pressure on margins and slow growth in volume continued to characterise interest operations in the third quarter, but in non-credit business income from securities showed the largest year-on-year increase.

During the nine months total assets rose by SF6.4bn, or 5.5 per cent, to SF160.5bn. Of this increase SF13.8bn came during the third quarter.

Amoco bounces back with \$116m third-quarter profit

BY OUR FINANCIAL STAFF

AMOCO, the leading US oil group, reported a turnaround in the third quarter, registering earnings of \$116m against a \$82m loss in the corresponding period last year.

Net operating income came to \$412m, or \$1.80 a share, compared with \$174m, or 88 cents. Revenues climbed to \$5.72bn from \$4.45bn.

Amoco said the results had been boosted by its US exploration and production operations and reflected higher crude oil prices and reduced exploration costs. Higher liquids production and savings from cost control efforts were also a factor.

Amoco said its foreign operations had earned \$114m, up from \$38m a year ago. In chemical operations,

Amoco reported earnings of \$113m, up from \$88m.

Third-quarter worldwide net crude oil and natural gas liquids production averaged 780,000 barrels a day, against 760,000 b/d last time.

The 1986 quarter's earnings exclude a special one-time charge of \$182m for impairment of unproved properties. This left final net earnings at \$13m, or 5 cents.

Earlier this month Amoco announced plans for a \$68m (\$145m) investment programme in the southern gas basin of the North Sea.

The investment, which will increase the reserves of the large Leman and Indefatigable gas fields, is expected to create several hundred

jobs in the offshore industry during 1988 and 1989.

The gas discovery was one of a series of gas finds made recently in the area.

Mr Alfred DeCrane, Amoco chairman, said the recent massive stock market correction could affect any out-of-court settlement of the company's \$10.3bn legal dispute with Pennzoil.

However, Mr DeCrane declined to say whether the two companies were holding any settlement negotiations. He said he expected the Texas State Supreme Court to overturn a State Appeals Court ruling which found that Pennzoil unlawfully interfered with Amoco's 1984 plan to acquire Getty Oil.

Xerox books advance of 20%

BY OUR FINANCIAL STAFF

XEROX, the diversified US producer of copying and duplicating machines, yesterday posted a 20 per cent rise in third-quarter net income to \$134m, or \$1.23 a share.

For the comparable period last year the figures were \$112m, or \$1.03. Net income in the nine-month period increased by 12 per cent to \$423m, or \$3.62, from \$377m, or \$3.51, a year earlier. Nine-month revenues advanced 16 per cent to \$10.7bn from \$9.2bn in 1986.

Net for the first nine months of

1986 included a one-time \$42m gain relating to the adoption of Financial Accounting Standards Board opinions on accounting for pension costs.

Mr David T. Kearns, chairman and chief executive, said he was pleased with the results. "We sustained the momentum of the first two quarters through a combination of good revenue growth and aggressive cost controls in business products and systems and continued strength in financial services. We remain on track for a good year."

Revenues from business products and systems increased by 11 per cent in the quarter to \$2.5bn from \$2.3bn in 1986. Income from this sector rose 10 per cent in the quarter to \$65m from \$58m a year ago.

Xerox Financial Services, the financial services arm, contributed \$68m to third-quarter income, 31 per cent more than 1986. This reflected the strong performance by Crum and Forster, the company's insurance subsidiary, and Xerox Credit.

Alcan Aluminium surges ahead in third quarter

BY OUR MONTREAL CORRESPONDENT

STRONG DEMAND for ingot and fabricated products in addition to higher world prices brought a doubling in earnings for Alcan Aluminium, Canada's largest aluminium producer, in the third quarter.

The company reported net profits of US\$122m, or 72 cents a share, up from \$62m, or 36 cents, a year earlier, on revenues of \$1.72bn against \$1.48bn.

In the first nine months of 1987, Alcan earned \$367m, or \$1.71 a share, against \$218m, or \$1.28, a year earlier. Revenues stood at \$4.9bn against \$4.47bn.

Alcan said that the rise in demand covered nearly all its markets in North America, Europe, Latin

America and Asia. Efforts to cut overheads during the past two years had also helped.

Shipments of aluminium in all forms totalled 1.8m tonnes in the first nine months, up from 1.59m tonnes a year earlier. Average prices received for ingot and fabricated products were up substantially from a year earlier.

The company said North American earnings were substantially higher in both the third quarter and nine months while European operations were affected slightly by the seasonal second-quarter slowdown. The Pacific region's performance improved significantly while Brazilian operations were little changed.

Dispute with Jamaica to go to court

By Canada James in Kingston

A DISPUTE between the Jamaican Government and Alcan over production levels at the company's bauxite refineries in the island is to go before law lords next month.

Lord Crosskill will be the sole arbitrator in deciding whether the terms of a joint-venture mining agreement between the company and the Government give the Government the right to require the company to operate its refineries at optimum capacity.

Lord Crosskill is also to decide whether output by Alcan in excess of the company's needs should be sold to the Government at production cost.

NORTH AMERICAN QUARTERLY RESULTS

Company	1987	1986
ALEXANDER'S Department stores		
Fourth quarter		
Revenues	108.1	107.3
Net income	10.1	9.6
Net per share	0.16	0.15
Year		
Revenues	392.9	388.1
Net income	4.3	4.1
Net per share	0.27	0.26
AMERICAN PRESIDENT COMPANIES Shipping		
Third quarter		
Revenues	45.6	35.4
Net income	2.9	1.3
Net per share	0.09	0.05
Year		
Revenues	134.6	109.6
Net income	6.4	7.9
Net per share	0.20	0.24
ARCHER-DANIELS-MIDLAND Soybean processing, milling		
First quarter		
Net income	82.5	64.9
Net per share	0.48	0.38
BANK OF NEW ENGLAND Banking		
Third quarter		
Net income	62.1	57.3
Net per share	0.91	0.86
Year		
Net income	127.4	124.8
Net per share	1.86	1.84
BARNETT BANKS Banking		
Third quarter		
Net income	22.3	19.6
Net per share	0.85	0.75
Year		
Net income	51.6	44.7
Net per share	0.85	0.75
BAUSCH & LOMB Eyeglass products		
Third quarter		
Revenues	228.9	195.1
Net income	21.3	20.7
Net per share	0.89	0.86
Year		
Revenues	699.7	514.1
Net income	60.1	52.4
Net per share	1.97	1.74
BURLINGTON NORTHERN Railroads, resources		
Third quarter		
Revenues	1.63	1.49
Net income	127.6	101.3
Net per share	1.70	1.28
Year		
Revenues	4.91	4.48
Net income	276.7	236.8
Net per share	3.62	3.12
CARTER HAWLEY HALE Stores Retailing		
Second quarter		
Revenues	394.5	361.2
Net income	115.0	60.3
Net per share	0.63	0.31
Year		
Revenues	1,160	1,270
Net income	107.3	13.8
Net per share	0.56	0.10
CBT BANKSHARES Banking		
Third quarter		
Net income	7.2	5.2
Net per share	0.36	0.27
Year		
Net income	17.9	14.9
Net per share	0.49	0.37
CHAMPION SPARK PLUG Spark plugs		
Third quarter		
Revenues	226.7	219.4
Net income	4.7	4.4
Net per share	0.12	0.11
Year		
Revenues	737.7	653.7
Net income	11.3	10.9
Net per share	0.30	0.29
COLT INDUSTRIES Aerospace, automotive products		
Third quarter		
Revenues	384.2	366.8
Net income	35.7	24.1
Net per share	0.79	0.51
Year		
Revenues	1,228	1,230
Net income	101.3	79.3
Net per share	1.71	1.48
COMMUNICATIONS SATELLITE Satellite communications		
Third quarter		
Revenues	82.6	72.6
Net income	24.0	9.8
Net per share	1.31	0.54
Year		
Revenues	251.5	226.4
Net income	72.0	20.6
Net per share	2.00	0.58
DANA Vehicle parts		
Third quarter		
Revenues	38.1	37.8
Net income	0.8	0.8
Net per share	0.08	0.08
Year		
Revenues	111.6	111.6
Net income	2.8	2.8
Net per share	0.28	0.28
DESOTO Castings, specialty products		
Third quarter		
Revenues	99.2	107.7
Net income	0.7	0.7
Net per share	0.07	0.07
Year		
Revenues	308.2	336.6
Net income	20.8	3.5
Net per share	2.74	0.73
E-SYSTEMS Military, commercial electronics		
Third quarter		
Revenues	302.9	283.8
Net income	15.8	16.4
Net per share	0.51	0.53
Year		
Revenues	913.7	894.1
Net income	47.7	46.7
Net per share	1.38	1.32
FRUEHAUF Truck trailers		
Third quarter		
Revenues	647.2	579.1
Net income	7.8	6.3
Net per share	1.24	1.09
Year		
Revenues	1,918	1,798
Net income	23.2	18.7
Net per share	0.41	0.34
GILLETTE Toiletries, cosmetics		
Third quarter		
Revenues	77.6	76.4
Net income	0.51	0.51
Net per share	0.51	0.51
Year		
Revenues	236	236
Net income	1.9	1.9
Net per share	1.49	1.49

Continued on Page 45

BENCKISER

Benckiser Italiana S.p.A.

a wholly owned subsidiary of

Joh. A. Benckiser GmbH

has acquired

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The undersigned acted as financial advisor to Joh. A. Benckiser GmbH in this transaction.

MORGAN STANLEY INTERNATIONAL

July 1, 1987



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£75,000,000

Subordinated Floating Rate Notes 2000

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 21st October, 1987 to 21st January, 1988 the following information will apply:

1. Rate of Interest: 10% per annum
2. Interest Amount payable on Interest Payment Date: £129.61 Per £5,000 nominal or £1,296.11 Per £50,000 nominal
3. Interest Payment Date: 21st January, 1988

Agent Bank

Bank of America International Limited

U.S. \$60,000,000
Industrias Peñoles, S.A. de C.V.
Floating Rate Notes Due 1989

Interest Rate: 10% per annum
Interest Period: 22nd October 1987 to 22nd January 1988

Interest Amount per U.S. \$10,000 Note due 22nd January 1988: U.S. \$255.56

Credit Suisse First Boston Limited
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ECU 135,000,000

Guaranteed Floating Rate Notes due 1992
Unconditionally and irrevocably guaranteed by

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In accordance with the terms and conditions of the Notes, the rate of interest for the interest period October 22, 1987, to January 22, 1988 has been fixed at 8 1/4% per annum. Interest payable on January 22, 1988 will be ECU207.64 per Note of ECU10,000.

Agent
Morgan Guaranty Trust Company of New York
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The Financial Times is proposing to publish this Survey on
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For full details, contact:
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To the Holders of
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Debentures Due 2002

Pursuant to Section 1204(b) of the Indenture dated as of July 13, 1987 between Emhart Corporation and Citibank, N.A., Trustee, NOTICE IS HEREBY GIVEN that, effective September 11, 1987, the conversion price at which the above-described Debentures may be converted into common stock of Emhart Corporation has been adjusted to \$291.50 a share from \$53.00 a share.

EMHART CORPORATION
By Citibank, N.A.
as Trustee
October 16, 1987

INTL. COMPANIES & FINANCE

Restructuring at Boliden assists return to black

BY SARA WEBB IN STOCKHOLM

BOLIDEN, the Swedish mining, metals and chemicals group, reported an about-turn in interim profits and said that profits (after financial items) for 1987 would reach about SKr400m (\$62.8m).

Profits (after financial items) for the first eight months reached SKr280m, compared with losses of SKr97m in the first nine months of 1986. Boliden has changed its interim reports from three-month to four-month figures.

Group sales totalled SKr457bn in the first eight months, but were SKr7.27bn in the first nine months last year. Boliden's recovery is due to the restructuring measures tak-

en under new management. The group has been organised into five main business areas - mining and metals, chemicals, wholesale, contract work, and trading and industry.

Costs associated with restructuring have fallen to SKr70m, compared with SKr778m last year, but this year the group will have to bear costs of about SKr100m in connection with its Roenastar smelter which has been ordered to reduce sulphur dioxide emission.

Results have been boosted by extraordinary items of SKr1.1bn, for example from the sale of property and shares, compared with SKr557m.

The mining and metal divi-

sion has been positively affected by the increase in non-ferrous metal prices during the summer months, though the increase in Swedish kronor terms has been affected by the weaker dollar.

Copper and silver prices showed a strong increase in prices, but zinc prices were less favourable due to the over-production of zinc in Europe.

The chemicals division, which specialises in inorganic chemicals for the agricultural, cleaning and pulp and paper sectors, showed an improvement in results.

Boliden's wholesale division has shown an improvement in productivity.

Sharp rise in Allegis earnings

BY OUR FINANCIAL STAFF

ALLEGIS, the US airline and hotels group which is reversing its former policy of building a full-service travel company, yesterday posted a sharp rise in third-quarter net operating earnings, to \$77.6m or \$1.33 a share from \$30m or 86 cents, helped by a strong performance at United Airlines.

Chicago-based Allegis said net earnings at the airline rose 77 per cent in the quarter, despite a 15 per cent increase in operating expenses.

The airline's third-quarter net income rose to \$84m from \$48m last year. A 38 per cent increase in fuel costs was the largest factor in higher expenses. Allegis' Hilton International, Hertz and Westin Hotels units, which are being divested under a restructuring programme, are included as discontinued operations.

United Airlines, which generated 77 per cent of revenues but just 18 per cent of profits for Allegis last year, is being re-

tained.

Revenues in the quarter rose to \$2.28bn from \$1.96bn. For the nine months, operating net profits were \$76.2m or \$1.38 a share, against a loss of \$90m or \$2.07 a share. Revenues were up at \$6.19bn against \$5.26bn.

Latest earnings exclude gains from discontinued operations of \$4.7m or eight cents a share against \$78.8m or \$1.77 in the quarter, and \$48.9m or 88 cents a share against \$115.2m or \$2.64 for the nine months.

Exchange factors hold back Abitibi

BY ROBERT GIBBENS IN MONTREAL

ABITIBI-PRICE, Canada's largest newsprint producer, had a strong third quarter with higher product prices but, because most of its sales are in the US, exchange factors limited the gain in earnings.

Third-quarter profit was C\$33m (US\$25m) or 45 cents a share, against C\$31.1m or 42 cents, on revenues of C\$760m against C\$718m. The Canadian dollar strengthened considerably in the third quarter.

Nine-month net profit was C\$91.1m or C\$1.23 a share, against C\$81.3m or C\$1.11 a year earlier, on revenues of C\$2.2bn against C\$2.1bn.

Amca International, the heavy equipment and machine tool subsidiary of Canadian Pacific, plans to sell its Bomag construction machinery division to a European group in-

cluding the managers of Bomag's West German division.

Amca is trying to find a buyer for its Manitoba Rolling Mills division in Selkirk, Manitoba, and another subsidiary in the US is on the block. Amca expects to realise about US\$100m from these disposals, mainly from Bomag, in the fourth quarter. The proceeds will be used to reduce its heavy debt.

Bomag, which had sales of US\$200m last year, makes equipment mainly for road-building.

Amca, a star performer in CP's diversification in the late 1970s, has never fully recovered from the 1982-1983 recession. One of its main activities is making equipment for the offshore oil industry.

In the first nine months of 1987 it posted a loss of US\$8.4m

on revenues of US\$300m, against a loss of US\$48.8m on revenues of US\$38m a year earlier.

A court order has released GEAC Computer, Canada's only mainframe computer maker, from receivership. About 600 unsecured creditors have accepted a package of shares and cash, and if a turnaround in the business continues they stand to get full payment.

Management has been strengthened and GEAC's international order book for specialised financial industry and library computer systems is improving.

Domstar, the pulp and paper, building materials and chemicals group, earned C\$123m or C\$1.32 a share in the first nine months, against C\$96m or C\$1.06 a year earlier.

Tractebel cancels BFr5bn rights offer

By William Dawkins in Brussels

TRACTEBEL, the Belgian holding group with large energy, electronics, telecommunications and engineering interests, has cancelled plans for a BFr5bn (\$1.32m) rights issue.

Subscriptions were to have opened yesterday for the issue of 820,316 new shares, but the group postponed the offering indefinitely in spite of a slight recovery in Belgian share prices from the spectacular collapse of a day earlier.

The group said its financial advisers had suggested a cancellation because of the market's continuing vulnerability and the uncertain political situation following King Baudouin's acceptance of the resignation of the Prime Minister, Mr Wilfried Martens.

Tractebel shares opened yesterday at BFr6,250, well below the BFr6,650 fixed for the rights issue, but were gaining during the afternoon.

The company said an issue date would be fixed and shareholders told "as soon as possible".

The world stock market downturn could leave Tractebel with a big loss on its hands in the shape of Contibel, the UK-based integrated oil group, for which it and Groupe Bruxelles Lambert paid £448m (\$739m) in July.

Contibel has the bulk of its assets invested in Belgian utilities and a 7.2 per cent stake in Petrofina, the oil exploration group. Tractebel was forced to increase its offer by more than £50m from the original £395m.

Income soars at Air Malta

AIR MALTA pre-tax profits soared to M£3.56m (\$10.3m) last year, the highest in the company's 11-year history, spurred by a recovery in Malta's tourist industry, writes Geoffrey Grima in Valletta.

The national carrier has for some years been battling to cut costs while expanding - three Boeing and an Airbus A320, costing \$100m, are due to bring the fleet to nine aircraft by 1990. Mr Albert Mizzi, chairman, said an increase of more than 50 per cent in charter operations last year added profit.

DnC shrugs off slow start to post \$45m eight-month profit

BY KAREN FOSSLI

DEN NORSKE Creditbank (DnC), Norway's largest bank, gained momentum by the end of the eight-month period after a slow start earlier in the year and recorded net profits of Nkr300m (\$45.4m), against Nkr203m in the same period last year.

Total assets for the group increased by Nkr4.9bn during the period to Nkr24.4bn, 22.7 per cent higher than the 1986 period.

DnC says that the need for continued write-offs in the shipping and offshore sectors has been substantially reduced. The situation for domestic industry is significantly different, however, and substantial write-offs will be necessary.

Although the operating profit for the period fell to Nkr875m from Nkr986m, this was offset by a reduced need for loan-loss

provisions. The bank says developments for its banking units abroad vary. The sharp increase in the US interest rate has resulted in losses in the foreign exchange and securities sectors for some of the units, and the results are not satisfactory.

For DnC Norway, gross earnings have been maintained at a "satisfactory level" although the interest margin has remained low.

Increased interest expenses have not been offset by a corresponding increase in the interest on loans. Net interest income was further reduced from 2.94 per cent of average total assets last year, to 2.4 per cent.

However, operating expenses for the Norway unit were reduced from 3.29 per cent of average total assets in 1986 to 3.02 per cent.

Alfa-Laval plans sale of fish-feed subsidiary

BY OUR STOCKHOLM STAFF

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, plans to sell EWOS, its fish-feed subsidiary, to Finnish Sugar by the end of this year. Negotiations are underway.

EWOS has annual sales of SKr540m (\$84.7m), employs 390 and is profitable - though figures have not been released.

Although Alfa-Laval has recently pursued a steady acquisition policy in an attempt to concentrate its business areas, it has decided to sell EWOS as the company does not fit in with ag-

ricultural operations as originally expected.

Besides its fish-feed side, EWOS is also involved in the animal-health business and manufactures fish-breeding equipment. Its main markets are Sweden, Norway and Scotland, and it has started a joint venture in Iceland.

It is the Swedish market leader in the fish-feed business, with more than a 50 per cent share. Finnish Sugar is the main fish-feed producer in Finland and EWOS' main competitor in that market.

Norsk Hydro issue hitch

NORSK HYDRO, Norway's biggest diversified corporation, said it might postpone a planned Nkr3bn-3.5bn (\$528m) rights issue following recent volatility in world securities markets, Reuters reports from Oslo.

Hydro added it would hold its third-quarter results, scheduled for today, until next month, after it had prepared a balance sheet required by the US Securities & Exchange Commission in connection with the issue in New York.

The company said: "We definitely have no plans to shelve the issue, but we might have to reconsider the launch date if the markets fall further."

"We will hold an extraordinary general meeting on November 5, giving the board authority to go ahead with the issue."

Hydro, which is 51 per cent state-owned, said last week that it provisionally planned to launch the issue, Scandinavia's biggest ever, on November 27.

GATEWAY TO THE WORLD



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Bond market euphoria abates

bonds see a better outlook for
other markets, particularly

Clearly, it is premature to suggest a complete rehabilitation of the bond markets by inves-

of the bond markets by investors, although the pessimism about higher interest rates worldwide does now seem to have been as overdone as Tuesday's rally in bonds.

Many investors, which have been progressively cutting the proportion of bonds held in their portfolios, are likely to decide it is time to reverse that trend. Some US institutions, it is said, were doing this last week before the crash and must be feeling fairly satisfied with

Liquidity source

Slower benefits

The benefits to the corporate bond markets will be slower and nobody is predicting that a flood of new issues will hit the

There has been a slight to safety element in the shift of funds this week to the bond market, resulting in widening spreads between corporate and

government bond issues. These will narrow only when the clouds of intense uncertainty currently covering financial markets are blown away.

t venture for

Grey market venture for ex-Chemical Bank group

BY WILLIAM DULLFORCE IN GENEVA

Six of Chemical Bank's traders resigned last June, when Mr. Jean-Claude Birchler, their general manager, was dismissed after a dispute over management responsibilities.

Mr Birchler is to be managing director of Amtrade. Other senior partners will be Mr Andre Heusser, head trader, Mr Gilles Guerin, treasurer, Mr Jean-

link is the existing legislation in Sweden which prevents Swedish companies from acquiring foreign companies listed on the Helsinki Stock Exchange. Altogether there are 64

advise small and medium-sized

Swiss banks - Union Bank of companies seeking to go public.

fic Limited

SHAREHOLDERS

DENDS FOR 1987

ated 8th September 1987, in which there were
t of settlement of interim dividends for 1987.
and new 'B' shares would be issued as scrip
d on 19th October 1987 and were HK\$26.80

events which have taken place in financial
ittee of the Stock Exchange of Hong Kong
ling on the Hong Kong stock exchange for the
these circumstances, the directors of Swire
ish to have additional time to consider their
and therefore the original timetable, which
dividends in cash to be made by Friday, 23rd
October.

ected for cash, or who have made permanent
1. Shareholders who have not yet made their
t that they wish to receive their dividends in
bove, wish to re-consider their positions and
may be through the election forms provided
ter.

rrars in Hong Kong or the Registrars' agents in
sses shown below. Shareholders who take
ct to receive cash may expect their dividend
y 4th November. Shareholders who will have
ual date of 23rd October, will be sent their
accordance with the timetable previously

RE IN ANY DOUBT AS TO THE ACTION
ON AND OTHER CONSEQUENCES ARE
SSIONAL ADVISERS WITHOUT DELAY

H. M. P. Miles
Chairman

NOTICE TO SHAREHOLDERS INTERIM DIVIDENDS FOR 1987

In the light of the extraordinary events which have taken place in financial markets over the last few days, the Committee of the Stock Exchange of Hong Kong Limited has announced the suspension of trading on the Hong Kong stock exchange for the period 20th to 23rd October inclusive. In these circumstances, the directors of Swire Pacific Limited feel that shareholders may wish to have additional time to consider their alternative choices regarding scrip dividends and therefore the original timetable, which had called for elections for the receipt of dividends in cash to be made by Friday, 23rd October, will be extended to Thursday 29th October.

Shareholders who have already elected for cash, or who have made permanent elections for cash need take no further action. Shareholders who have not yet made their elections or who have advised the Registrars that they wish to receive their dividends in scrip may, in the circumstances referred to above, wish to re-consider their positions and advise the Registrars accordingly. Such advice may be through the election forms provided or, if shareholders no longer have these, by letter.

Shareholders may contact the Registrars in Hong Kong or the Registrars' agents in the United Kingdom at one of the addresses shown below. Shareholders who take advantage of this extension of time and elect to receive cash may expect their dividend warrants to be posted on or before Wednesday 4th November. Shareholders who will have submitted their election forms by the original date of 23rd October, will be sent their dividend warrants on 30th October in accordance with the timetable previously announced.

ANY SHAREHOLDERS WHO ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE OR THE TAXATION AND OTHER CONSEQUENCES ARE URGED TO CONSULT THEIR OWN PROFESSIONAL ADVISERS WITHOUT DELAY.

H. M. P. Miles
Chairman

Registrars:
Central Registration Hong Kong Limited,

Registrars' agents in United Kingdom:
Price Waterhouse,

19th Floor,
Hopewell Centre,
183 Queen's Road East,
Hong Kong.

Telex: 60327 CRLHK
Fax: 5-285897
5-296087

Southwark Towers,
32, London Bridge Street,
London, SE1 9SY,
England.

Telex: 884657
Fax: 01-403-5265

Hong Kong 21st October 1987

A COPY OF THIS ANNOUNCEMENT IS BEING SENT TO SHAREHOLDERS INDIVIDUALLY.

Audiofina pays more

Audiofin, which earns most of its income from CLT, bases its dividends on those paid out the previous year by CLT, the Luxembourg media group.

INTL. COMPANIES & FINANCE

Paul Betts reports on the forthcoming flotation of the Paris fashion house

High finance for Yves Saint Laurent

THE EXTRAVAGANT world of Paris high fashion has been in a state of agitation. With the autumn shows, the great tents were erected again in the Tuilleries gardens last week for models to display the latest collections before the ecstatic applause of the privileged few.

But this time, the excitement is perhaps greater than usual, for the business is undergoing a rapid evolution in France. During the past few months, the fashion houses have been at the centre of the intense deal-making and financial manoeuvring that have hit the country's luxury goods business.

Undoubtedly, the biggest deal so far has been the recent merger of Louis Vuitton, the luggage maker and owner of the Veve Cliquot champagne, and Moët Hennessy, the champagne, cognac and perfume concern, to form France's largest luxury goods group.

Now it is the turn of Yves Saint Laurent to hit the headlines again as the famous fashion house started 26 years ago by the couturier and Mr Pierre Berge, his business partner, is about to become the first French haute couture business to be quoted on the bourse. The flotation of Saint Laurent on the Paris over-the-counter market early in December is likely to set a new trend as high fashion and high finance increasingly mingle.

"For a long time I had thought of bringing our company on the

bourse," says Mr Berge, in his plush art deco office in the Yves Saint Laurent hotel particulier off the Avenue Marceau in the heart of the capital's couture district. "Even profitable companies like ours face a serious risk of disappearing in the longer term if they remain family businesses. For this reason I wanted to find strong partners at the same time as quoting the company on the stock market."

Mr Berge has already found his financial partner. Last year he was put in touch with Mr Carlo De Benedetti, the Italian businessman, and Mr Alain Minc, the eclectic French financier who runs Cerus. Mr De Benedetti's French holding company, Cerus took a stake in Yves Saint Laurent and helped the fashion house engineer a \$600m takeover of Charles of the Ritz to enable Yves Saint Laurent to regain control of its perfume business.

"I was always anxious to re-gain control of our perfumes from the Americans. It's like the Rock of Gibraltar for the Spaniards. It had to come back to us some day," remarked Mr Berge, who has always run the business side of the fashion house while Mr Saint Laurent has devoted himself entirely to the creative side. "It's always been a sort of yin and yang between the two of us with me managing the affair and Yves giving free rein to his creative talents."

With the Charles of the Ritz

acquisition, Saint Laurent suddenly became a highly geared company. To reduce its indebtedness, it first sold this summer the cosmetics businesses which did not carry its name to Revlon for about \$150m. Now it will



Yves Saint Laurent

raise fresh equity by floating 20 per cent of the company to the public.

Saint Laurent and Mr De Benedetti are also reinforcing their links. A new financial holding group called Compagnie Financière Saint Laurent is being formed which will control between 50 per cent and 60 per

cent of the fashion and perfume business. It will be 51 per cent owned by the Saint Laurent-Pierre Berge partnership with the remainder 49 per cent held by Cerus. Mr Saint Laurent and Mr Berge will also own a direct 10 per cent stake in the company to be floated on December 4. Institutional investors will also hold a stake of about 10 per cent.

Relations between Mr De Benedetti and Mr Berge have become increasingly close and friendly. Although the Italian financier clearly wants to play a large role in the company, especially in its financial management, it is also keen to see Mr Berge and Mr Saint Laurent keep control of a business whose turnover this year is expected to total FF7.2bn (\$831.5m) or more.

Following the Charles of the Ritz acquisition, sales in the first half of the year rose to FF1.1bn and profits totalled FF63m.

Mr Berge has ambitions to develop the company into a major luxury products group by diversifying through mergers and acquisitions into new sectors. "But this does not mean we will do everything and anything. It's like a cocktail, those exquisite American concoctions as long as the drinks are properly mixed. But imagine mixing beer with cognac, pastis and Coca-Cola."

Mr Berge is looking at oppor-

tunities in other European countries. But he says he recently turned down a proposal to make Yves Saint Laurent bin bags. "We must always be careful in the way we manage our image," he says. He would be interested in investing in wine but stresses that it would have to be a top chateau and "not those lesser chateaux which the Japanese have recently been buying in the Bordeaux area."

Unlike the recent Louis Vuitton-Moët Hennessy merger, Mr Berge sees his company's latest moves as an offensive rather than defensive strategic deployment. One of the principal reasons behind the Vuitton deal was to protect the companies from potential hostile takeover attacks at a time when the French luxury goods sector is seen as a prime target for foreign and domestic corporate raiders.

"We had no such problem, but we wanted to position ourselves strongly for our future development," Mr Berge said. "There is a big difference between trying to save a company in turmoil and a company like ours which is thriving with 22 per cent to 23 per cent after-tax profit margins."

Sama forms loan disputes body

BY FMM BARRE IN RIYADH

A SPECIAL three-member committee established by Saudi Arabia's central bank to decide on loan disputes has begun functioning, Mr Mohammed Abul-Khalil, the Finance Minister, confirmed yesterday.

The committee was established by the Saudi Arabian Monetary Agency (Sama), the central bank, to oversee disputes on bad loans. These are considered the paramount problem for the kingdom's 11 commercial banks. More than 500 loan cases had already clogged the commercial courts before formation of the committee was announced in March.

The cases have now been transferred to the committee, which was formed in an attempt to find a way around Saudi Arabia's fundamental religious conflict with Western banking. Saudi Arabia operates under Islamic Sharia law, which forbids

the paying or acceptance of interest. Whenever a borrower runs into problems on repayment, he can take the case to a Sharia court, which invariably rules against banks.

Bankers say that many Saudis who have the financial means to repay loans avoid meeting their obligations in this way. Just the threat of a Sharia court is enough to force many banks to reschedule loans.

The new banking disputes committee does not have official legal power, and is expected to persuade rather than force debtors to deal with the banks. But its persuasion includes the ability to prevent bad debtors from leaving the country, to freeze their bank accounts, to attach their assets, and to request government agencies to decline further business with them.

The Government is the source

of almost all major contracts, so this final ban could prove fatal for many businesses. The committee will not supersede Sharia law, which means that defendants have the right to appeal any decision to a Sharia court.

The panel consists of Dr Muhammad Hassan Al-Jabr, deputy Minister of Commerce, who is a lawyer; Dr Ali Al-Johary, a petroleum expert; and Dr Abdul Aziz Al-Guweli, chairman of Saudi Consolidated Electric. Bankers are awaiting the results of the first cases.

Mr Abul-Khalil said that enforcement has yet to begin. For bankers, lawyers and Ministry of Finance officials, the key question now becomes what the view of a Sharia court would be when a borrower unsuccessfully in his hearing before the committee appeals a decision which the three men have reached.

Lebowa Bakeries tops pre-listing forecast

BY JIM JONES IN JOHANNESBURG

LEBOWA BAKERIES, the black-owned bakery company which was launched on the Johannesburg Stock Exchange in June, has beaten its pre-listing profit forecast in the six months to September.

First-half turnover rose to R17.8m (\$8.7m) from R15.2m and pre-tax profit was R2.25m against R2.08m. Turnover totalled R22m in the year to March, when pre-tax profit was R4.88m.

Professor Pothinus Mokgo, the chairman, expects the taxed profit of R2.08m forecast in the prospectus to be exceeded by about 15 per cent this year. A new bakery was opened in September, though it is expected to make an appreciable contribution to profits only late next year.

Net earnings per share rose to 4.5 cents from 4.1 cents and an interim dividend of 1.75 cents has been declared.

NOTICE TO HOLDERS OF

The Hyogo Sogo Bank, Ltd.

(Incorporated in Japan)

U.S. \$100,000,000

15% Convertible Bonds Due 2002 (the "Bonds")

Pursuant to Clause 7 (B) and (H) of the Trust Deed dated 22nd June, 1987, in respect of the above issue, notice is hereby given as follows:

- On 24th September and 13th October, 1987, the Board of Directors of the Bank resolved to issue new shares of its common stock by public offering. The issue price for the issue is less than the current market price for the shares.
- Accordingly, the conversion price will be adjusted with effect 2nd November, 1987 (Tokyo Time). The conversion price in effect before such adjustment is 1,117.30 Japanese Yen per share of common stock and the adjusted conversion price will be determined on 31st October, 1987, and be published in the "Financial Times" in London and "Luxemburger Wort" in Luxembourg as soon as practicable.

The Hyogo Sogo Bank, Ltd.
By: The Sumitomo Bank, Limited,
as Principal Paying, Conversion
and Replacement Agent.

22nd October, 1987

Saudi Arabian group in petrochemical venture

BY OUR RIYADH CORRESPONDENT

A COMPANY formed by 26 of Saudi Arabia's richest businessmen has been awarded three industrial licences that will open a new area of petrochemical activity in the country.

Saudi Venture Capital Group, which has Fluor of California as a consultant, has been licensed to establish three specialised plants in projects which will have a combined capital of 1,330m riyals (\$354.6m).

The largest investment will be in International Biotech Chemicals, capitalised at 677m riyals, which will produce

112,000 tonnes a year of propional, butanol and other anhydride chemicals. PET Resins International will have an annual output of more than 54,000 tonnes of resins used in bottles and other products. A further facility will produce 826,000 tonnes per year of aromatic carbons, solvents and naphtha.

Until now, all production of aromatics in the kingdom has taken place in its refineries. Only the Petroleum-Shell joint venture refinery has a comparable aromatic unit to remove toluene, benzene, and xylene.

NEW ISSUE

This announcement appears as a matter of record only.

October, 1987



HAZAMA-GUMI, LTD.

U.S.\$50,000,000

3 3/4 per cent. Guaranteed Bonds due 1992

with
Warrants

to subscribe for shares of common stock of Hazama-Gumi, Ltd.
Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Dai-Ichi Kangyo Bank, Limited

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Publicker Industries, Inc.

has acquired

Golding Industries, Inc.

The undersigned acted as financial advisor to Publicker Industries, Inc. in this transaction.

Drexel Burnham Lambert

INCORPORATED

Interest Rate Change

AB Svensk Exportkredit

(Swedish Export Credit Corporation)

U.S. \$75,000,000

Retractable Notes due 1993

(Redeemable at the Option of the Holder on 19th November in 1984, 1987 and 1990, as of which Dates the Issuer has the Right to Specify a New Rate of Interest).

In accordance with the Terms and Conditions of the Notes, the company has specified that for the period commencing 16th November, 1987 up to and including 18th November, 1990 the Notes will carry an interest rate determined as the annualised equivalent of the yield of the 3 year U.S. Treasury Bond as shown by Telerate Screen 5 at 15.00 hours London Time on 19th November, 1987.

Bankers Trust
Company, London

Agent Bank

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£300,000,000

Floating Rate Notes 1994

Notice is hereby given that the Notes will bear interest at 10.2675% per annum for the interest period 21st October, 1987 to 21st January, 1988.

Interest payable on the relevant interest payment date. 21st January, 1988 will amount to £129.05 per £5,000 Note and £2,580.90 per £100,000 Note.

Agent Banks:

Morgan Guaranty Trust Company of New York
London

UK COMPANY NEWS

Hawker Siddeley growth checked

BY STEVEN BUTLER

STRONG GROWTH in the electrical equipment businesses of Hawker Siddeley Group, the electrical and mechanical engineering group, was insufficient to compensate for sluggishness in diesel engineering and mechanical equipment during the first six months of the year.

Pre-tax profits announced yesterday rose £1m to £73.1m, while sales increased from £768m to £839m. UK sales alone fell from £444m to £437m, while overseas sales rose.

Mr Bob Bensly, managing director, said that profit growth for the year was still anticipated.

"We are seeing a general strengthening of markets and we expect this year to see a return to growth," he said. Electric motors and generators put in the strongest performance, with sales increasing from £294m to £314m, and trading profit up 25.5 per cent to £12.3m. Mr Bensly said the improvement reflected investment in the division as well as acquisitions.

The electrical distribution and controls division, which has seen much of the group's acquisition activity in recent years, moved ahead by 22.4 per cent to

£18.6m at the trading profit level, while sales increased from £185m to £224m.

The electrical specialised equipment division suffered from the costs of developing Hawker Siddeley's advanced signal control system, but Mr Bensly said that profit growth would resume next year. Trading profits in the division were up marginally to £12.5m, while sales increased from £127m to £135m.

Mr Bensly said the group would have a major selling tool when its new signal systems are up and running in Hong Kong and Singapore and that it would be offering the most advanced equipment in the world.

Both small and large diesel engines put in a disappointing performance, with sales dropping £13m to £70m, and profits off from £4.5m to £3.7m. The division was, however, expected to benefit from new orders in the coming months as tenders go out on new power plant projects. Some revival of business from the Middle East was anticipated.

A fall back of orders for coal mining equipment, after the surge of 1986, caused mechanical equipment sales to drop



Sir Peter Baxendale, chairman of Hawker Siddeley

£15m to £24m, while profits fell £1m to £13.5m. The group's net borrowings are nil, and Mr Bensly said the group's acquisition programme would continue. The group has spent £220m in the past two years in a

series of small and medium-sized acquisitions, mainly in the US.

Earnings per share rose from 20.9p to 21.0p, and the group declared an interim dividend of 5.5p (5.0p).

Comment
Hawker Siddeley is hardly the company to make any investor's blood run hot, with its yawning performance in the first half of the year. Prospects for the group are undoubtedly improving in its difficult divisions, but with such a wide geographic and industry spread it is hard to believe that all parts could motor ahead at once. Still, Hawker Siddeley's lowly prospective pile of less than 10, based on full year profit projections of £165m, is just a little mean. The group is backed by solid assets, and on break up would be worth much more than yesterday's closing price of 481p per share, should any predators have to nerve to launch a bid. The yield is reasonably attractive, and the group looks well fixed to weather any possible recession. That would appear to make the shares fairly safe whichever way the market moves.

Spurs end year in a better position

By David Waller

Tottenham Hotspur, runners up in last year's FA Cup and the only company to present its earnings per share before and after transfer fees, yesterday reported reduced pre-tax losses for the year to May, and a sharp turnaround in trading profits.

Shareholders are to receive a dividend of 4p, their first payment since 1985.

Operating profits amounted to £970,000 compared with a loss of £330,000 last year. However, the acquisition of Steve Hodge, Richard Gough and other human assets cost £1.2m in transfer fees, and at the pre-tax level the company made a loss of £230,000, against £730,000 in the previous year.

Mr Paul Bohroff, Tottenham's chairman, said that since the year end he had sold Glen Hodge to Macclesfield, and the transfer account now showed a profit of £1.4m.

Stripping out the effects of what Mr Bohroff said should be considered as expenditure on plant and equipment, with a loss of 7.5p per share in the previous year was turned into earnings of 10.15p. If transfer fees were included, the loss per share more than halved to 3.6p.

There was an extraordinary profit of £4.7m on the disposal of the company's trading ground in Chesham. That left Tottenham negatively geared with net cash of £1.4m, which will be deployed on acquisitions consistent with the company's policy of reducing its dependence on football.

Approximately two-thirds of operating profits came from White Hart Lane, where attendances at home league matches rose by 24 per cent last season.

The balance came from the company's retail and other commercial activities.

Hummel (UK), the sports and leisurewear company, made a loss of about £100,000 in its first full year, but is expected to contribute a substantial profit in the present year.

Spurs' shares rose 15p to 179p at full time.

Bertrams Inv Tst

Bertrams Investment Trust reported net asset value of 33.5p at September 30 1987 against 33.7p a year earlier. Earnings per share came out at 2.5p (1.94p) and the directors are recommending a final dividend of 1.1p making a total of 2.1p.

Evered takes 14% stake in Henderson for £11.3m

BY MIKE SMITH

Henderson Group, the industrial doors and security products company, found itself at the centre of bid speculation last night after Evered Holdings, the industrial conglomerate, bought 14.3 per cent of its shares.

Mr Osman Abdullah, Evered chief executive, said last night that he was keeping his options open.

"We do not want to mislead anybody into thinking we are going to make a bid but we cannot rule it out," he said.

Evered bought its 3.2m shares for £11.3m on Tuesday from Carousell Investments, a Swiss-based company in which Mr Abdullah's brother, Ahmed, is a manager. It paid 335p for each share, although each will accrue a 4p dividend within the next week. Yesterday shares in

Henderson rose 4p to 334p. Evered could face competition if it decided to launch a bid. Three weeks ago Henderson said it had received an approach which could lead to a takeover offer.

Henderson said yesterday that it had heard nothing further from the potential suitor, which had not been Evered.

Mr Abdullah said that Evered saw opportunities for developing a commercial relationship. "Henderson is a building products company and has a number of businesses which are complementary to our own."

In particular, he saw opportunities for synergy between Tactico, the Evered subsidiary which specialises in factory security, and the security products arm of Henderson, which makes access control systems.

There would also be common ground between Henderson's doors division and Evered's Weatherseal subsidiary, which specialises in windows.

Mr Pat Gaynor, chairman of Henderson, said his company wanted to remain independent but he added: "There has to be a price which one has to give shareholders the chance of considering."

Mr Gaynor is expected to meet Mr Raschid Evered, chairman of Evered and brother of Osman, for talks today.

Following a slump in fortunes in 1986 and 1987, Henderson's performance is thought to be improving. Analysts are expecting pre-tax profits of at least £5.4m this year, against £4.42m in 1987. At yesterday's close, the company was capitalised at more than £76m.

First Charlotte assets up 72% to 22.3p

Net asset value of First Charlotte Assets Trust rose to 22.3p at September 30 from 13p a year ago and 17.25p at the March 31 year end.

Gross revenue for the six months amounted to £158,000 compared with £149,000. After tax of £16,000 (£20,000) available profits emerged at £15,000 against a previous £56,000. Earnings per share were 0.02p.

The companies in which First Charlotte was invested had continued to report good operating results during the period. Until last Friday, this had been reflected in strongly performing share prices.

The company was satisfied that the companies held by it, their profitability, balance sheet quality and prospects for growth were largely unaffected by dramatic swings in the stock market.

The directors said First Charlotte was not under pressure to sell good investments since, unlike a unit trust, it does not face the problem of redemptions by unit holders. They pointed out that distress selling by other institutions could create attractive opportunities.

Conrad surges to £239,000

Conrad Holdings, exhibition contractor which added property development to its activities with the £2m acquisition of Cordwell Property in August, more than doubled taxable profits in the first half of 1987.

Profits were boosted from £101,443 to £239,243 on turnover down from £3.62m to £3.18m. The directors declared an unchanged dividend of 1p and an increased tax of £98,000 (£41,000), earnings per share rose from 1.06p to 1.06p.

Mr Neil Phoenix, chairman, said that the increase in profits had been a good achievement but pointed out that figures for the previous year had been adversely affected by the losses

from Russell Brothers which had since been sold.

He reported that the EGC group of companies continued to trade satisfactorily albeit against a background of tough competition. The continued development of Cordwell bode well for the future although the specific level of contribution to group profit in the current year depended on the timing of some factors which, in the short term, might be subject to chance.

He pointed out, however, that the retail development market was benefiting from strong occupational and investor demand and hence was confident that Cordwell would be a very significant acquisition.

Conrad had greatly strengthened its base and was examining a number of opportunities for growth by acquisition.

In May, Mr David Thompson, former chairman of Hillsdown Holdings, paid £1.25m for an 18 per cent stake in Conrad. The deal was part of a capital reconstruction which also involved Mr Roger Abraham, a managing director of Chase Investment Bank, taking an 18 per cent holding. Conrad issued 5m shares to the two men at 50p each. At the same time it issued another 2.5m shares in a discounted one-for-two rights at 50p to existing shareholders. The total effect was designed to increase capitalisation by 68 per cent.

Marley to buy US brickmaker

BY FIONA THOMPSON

Marley, the building materials company, is to purchase Corbin Brick of Corbin, Kentucky, for \$13.65m (£8.25m). Marley will acquire Corbin through General Shale Products Corporation, its existing US brick manufacturing business.

Corbin makes a range of

high-quality facing bricks. With a new, recently commissioned, kiln added to its existing production line, Corbin has a maximum production capacity in excess of 100m bricks a year.

The acquisition will allow General Shale to expand its coverage in the northern US,

The addition of Corbin will make General Shale the second largest facing brick manufacturer in the US and boost its total annual capacity to more than 650m bricks per year. This is an increase of more than 25 per cent since Marley acquired General Shale in 1986.

This announcement appears as a matter of record only.

BRITISH & COMMONWEALTH HOLDINGS PLC

£327.5 Million Preference Share Guarantee Facility pursuant to a Scheme of Arrangement

Advised, Arranged and Managed by

BARCLAYS de ZOETE WEDD LIMITED

Facility Provided by

Barclays Bank PLC

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The Royal Bank of Scotland plc

Standard Chartered Bank

State Bank of New South Wales



BARCLAYS de ZOETE WEDD

October 1987

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

21st October, 1987

taka-Q

TAKA-Q CO., LTD.

U.S.\$100,000,000

3½ per cent. Guaranteed Bonds due 1992

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The Dai-Ichi Kangyo Bank, Limited

with

Warrants

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Issue Price 100 per cent.

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Bank of Yokohama (Europe) S.A.

KOKUSAI Europe Limited

Swiss Bank Corporation International Limited

Banque Paribas Capital Markets Limited

Mitsubishi Finance International Limited

Taiyo Kobe International Limited

UK COMPANY NEWS

Berkley House talks with Marler Estates called off

BY FRONA THOMPSON

THE PLANNED reverse takeover of Marler Estates, property company and owner of Fulham and Chelsea football grounds, by Berkley House, private housebuilder and property developer, has been called off.

Mr Graham Meehan, who founded Berkley with his brother, Keith, in 1976, said yesterday the negotiations had been terminated because "we haven't been able to agree terms". He said that Berkley would retain its 26 per cent beneficial interest in Marler which it holds with Mr David Thompson, co-founder of Hillsdown Holdings.

Talking last month about the planned takeover, Berkley said all the Marler directors would go, including Mr David Bulstrode, chairman, who became a figure of hate for Fulham Football Club supporters at the end of last season when Marler sought to merge the club with Queen's Park Rangers.

Yesterday, Mr Robert Noonan, Marler executive director, said Mr Bulstrode would remain as chairman of Marler Estates. He would not detail why the talks with Berkley had failed, saying only: "We decided not to go ahead". Price was not

the problem, he added. Berkley, which recently acquired the Thames House site from ICI, has a market capitalisation of £200m, according to Graham Meehan. Marler Estates was capitalised at £23.5m, at the £12.50 price at which shares were suspended on September 22.

The Marler board yesterday requested a lifting of the suspension and dealings will recommence today.

Mr Meehan said yesterday Berkley still intended to join the stock market. "We may have a fresh approach," he said.

BSR expands its UK kitchen activities via Italian purchase

BY MIKE SMITH

BSR International, the Hong Kong-based electronics group which is listed in London, yesterday expanded its UK kitchen appliances subsidiary, Swan Housewares, through the acquisition of Italian company Girmi for up to £2.95m.

Girmi manufactures a range of small electrical appliances including food processors, ice-cream makers, toasters and irons. BSR says its products manufacturing and geographic bases complement those of Swan.

Under yesterday's deal, which has been under discussion for some months, the consideration will depend on Girmi's profitability in the year to December 31. BSR has already paid the former owners of the company £4.56m in cash.

Last year Girmi made pre-tax losses of £550,000 on sales of £15.6m. However, the business has been substantially reorganised and the vendors have warranted the level of profits for this year.

The company's capital base has also been strengthened. Net assets exceed £1.85m. The acquisition is part of

BSR's strategy of strengthening Swan prior to seeking a separate listing for it.

Mr Brian Christopher, BSR chief executive, said Girmi would provide Swan with an established continental distribution network. It was established in France and Germany as well as Italy.

In addition Swan would provide Girmi with greater access to the UK.

BSR's most recent results, published in August, showed a 38 per cent growth in pre-tax profits to £5.7m for the six months to June 27. Swan made operating profits of £300,000, up from £100,000, but sales and profits are concentrated in the second half.

Gartmore American

Net asset value per 25p share of Gartmore American Securities amounted to 222.5p at September 30 against 196.7p six months earlier.

For the half year to end-September available income fell to £156,433 (£192,433). Earnings totalled 0.67p (1.07p). Interim dividend is 0.6p (same).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Amesbury Inv. int	4.38p	Dec 15	3.55	-	11.58
Chillingham Corp. int	2.6	-	2.27*	-	6.36
Comp Financials int	1.5	Dec 16	0.8	-	3
Coventry Holdings int	11	Jan 15	0.6	-	2.5
Gartmore Amer. int	0.6	Jan 15	0.6	-	1.4
Hawker Siddeley int	5.5	Dec 3	3	-	17
House of Lerose int	3	Dec 3	3	-	9.4
House & Land Inv. int	3	Jan 4	1.5*	-	1.5
Talbotson H. int	4	Jan 4	nil	-	4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §UK quoted stock. ¶Third market. †16-month period. ‡To reduce disparity.

S&N attacks Brown's defence

BY LISA WOOD

Scottish & Newcastle Breweries yesterday wrote to shareholders of Matthew Brown, attacking the Blackburn-based brewer's first defence document which was published this week.

S&N said that the Brown board, in urging its shareholders to reject S&N's offer, had chosen to obscure the key issues with "selective, irrelevant and outdated statistics".

S&N said that Brown had

failed to explain why its recent overall sales figures had declined in real terms. It said the board of Brown had deliberately ignored S&N's "excellent" 1987 results and had failed to give an estimate of Brown's own results for 1987, a year which had already ended.

S&N is offering three of its shares for every one of Brown, with an alternative cash offer of 750p per share. The first closing

date for acceptances is next Monday.

Benlox stake raised

Dr Ashraf Marwan, Egyptian financier, has bought a 50,000 share stake in Benlox Holdings, which has launched an all-paper bid for Storehouse, taking its stake to 9.21m shares. Dr Marwan is one of Benlox's leading shareholders and deputy chairman.

Williams raises minorities offer

BY CLAY HARRIS

Williams Holdings yesterday unveiled a sweetened offer to buy out the remaining holders of preferred shares and deferred ordinary shares in London & Midlands Industrials, building products and engineering group, which was absorbed into the industrial conglomerate more than a year ago.

The offer is intended to simplify Williams' group structure and reduce administrative costs by removing, for example, the requirement that LMI hold its own annual meeting. In the offer, Williams will have to pay no more than 200p in cash, although more than 90 per cent of that total could be taken in shares.

Persistence has paid off for shareholders who held out and kept the total acceptances below 90 per cent and thwarted a compulsory purchase. Williams' latest offer for five offer values each LMI deferred ordinary share at 241.6p. There is a cash

alternative of 220p. This compares with original share terms worth 141.6p and a cash offer of 131.6p.

Preferred shareholders are being offered 80p in cash, compared with 70p last year.

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UK COMPANY NEWS

Chillington rises 84% and goes on the takeover trail

BY FIONA THOMPSON

Chillington Corporation, an engineering, overseas trading and plantation group, yesterday announced interim profits up 84 per cent and four acquisitions worth a total of £2m.

Chillington, which changed its name from Plantation and General Investments in March 1986 following its merger with the Anglo-Indonesian Corporation, employs some 8,000 people in eight countries.

Its business includes contractors' and DIY tools, marine products such as outboard motors and heavy duty port lights, agricultural tools and overseas trading, metal forming, engineering and tea and coffee plantations.

The £2m investment in acquisitions includes £150,000 for Overseas Farmers Group, a long established trading business marketing dried and fresh fruit, dairy products and honey, in the UK and Europe. At March 31 this year, OFG's losses before tax were £194,000, and its assets £727,000.

Pre-tax profits for the six months to June 30, 1987 rose to £2.08m from £1.1m on turnover of £23.07m, compared with £12.81m last year. An extraordinary credit of £2.23m (£79,000) was profit from this May's sale

of 42 per cent of its stake in Tel-los, maker of non-screw rods and metal spraying equipment.

The contractors' tool and DIY division reported strong progress and the results were good from all the metal forming companies. In the marine division, Golden Arrow performed well, but poor weather hit profit growth in the sector as a whole.

On overseas trading, the results from Thailand and Malawi were disappointing. Plantation interests made only a small contribution but there were signs of better commodity prices.

Through its Ewa Brothers subsidiary, Chillington has bought Manchester-based John Mountford, die forgermaster, for a nominal consideration, and assumed borrowings of £250,000.

Chillington's tax charge for the half year was £567,000, against £293,000. Earnings per share were 3.6p (2.9p) and an interim dividend of 2.5p is being paid compared with 2.27p last year after adjusting for the scrip issue.

The group is to pay £904,000 for shares in Lendu Holdings, which will give it a 19.6 per cent stake. Lendu has recently sold much of its rubber estate acreage in Malaysia and is acquiring agricultural property.

Chillington's third acquisition is BEA Holdings' investment in the Sampang (Java) Rubber Plantations, for £814,000. Sampang owns 75 per cent of NY Bantam and Prensanger Rubber, which operates a rubber and coconut estate in Java.

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Lendu in profit slip and £1.2m cash call

Lendu Holdings, involved in rubber production and investment, reported a fall in pre-tax profits from £36,331 to £16,536 in the first six months of 1987.

It also announced the A\$1.15m (£520,000) acquisition of Indialla, a 1,900 hectare sheep and mixed farming property near Geraldton in Western Australia, and a cash subscription and rights issue to raise £1.2m.

Earnings per 5p share before the extraordinary item fell from 1p to 0.45p. The directors declared an interim dividend of 1.5p in lieu of a final payment.

Turnover rose from £39,239 to £53,229 and tax charges were £10,000 (£14,000).

The directors said that the rights issue - on the basis of one new share for every seven - would enable them to finance future acquisitions and the develop Indialla to its full potential.

House of Lerosse down midway

House of Lerosse, garment manufacturer and fabric printer, returned profits of £702,000 pre-tax for the first half of 1987, a downturn of £53,000 on the same period of the previous year. Turnover declined from £5m to £3.8m.

Poor retail conditions in the UK resulted in a reduction in turnover in the garment division and lower profitability.

Although these conditions were expected to continue the

directors were confident that action taken to strengthen garment manufacturing together with investment in new plant and techniques in the division would be effective and lead to improved results in the medium term.

Meanwhile, the interim dividend is maintained at 3p per 25p share on earnings of 7.2p, down from 8.2p.

The directors said they were pursuing certain other develop-

ments within both the existing businesses and outside and expected the benefits from these developments to begin to flow through next year.

Yearling Bonds

Yearling bonds totalling £0.25m at 104 per cent redeemable on October 26 1988, have been issued by the Castle Point District Council.

Man and London assets rise

Manchester and London Investment Trust lifted net asset value per share from 305p after the 18 months to July 31 1986 to 785p at July 31 1987. Gross revenue before tax for the year to end-July rose from £38,836 to £162,816.

After tax of £56,882 (£18,886), earnings per share surged from 2.11p to 16.55p. The interim dividend is doubled from 1.5p to 3p.

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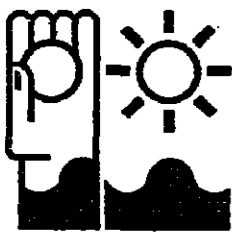
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FINANCIAL TIMES SURVEY



The conference and incentive travel business is growing by 20 to 30 per cent a year, as employers

look beyond money to motivate their staff. But the industry is not without growing pains, and clients should check on operators before booking, warns David Churchill

The spurs of the moment

THE BOOMING incentive travel business is fast approaching a crossroads in its development. While more and more companies are turning to travel in the 1980s as a motivating force for staff and business customers, so an increasing number of incentive travel organisers have jumped on the bandwagon.

The result, almost inevitably, has been to lower the standards of some operators, while at least three incentive travel companies have gone out of business in recent months.

"The growth in demand has attracted a lot of new entrants, some of which are undercapitalised, operate on wafer thin margins and are unable properly to fund the considerable cash flows involved in the business," says Mr David Tonnison, marketing director of The Travel Organisation, one of the leading incentive travel companies.

He points out that "even a quite modest travel incentive programme can involve budgets of £50,000. The problem is that, unlike most other purchases, much of the payment for travel

is made to the supplier before the service is fulfilled, so the client can be left in an exposed position."

Such problems are not uncommon in the development of any fast-growing industry. The response has been to form an industry-wide trade association to raise standards and regulate growth. The Incentive Travel Association of the UK (ITA-UK) was formed a couple of years ago and its 40 members have a large slice of the total market.

Mr Max Cuff, its present chairman, believes that raising standards in the industry is an important issue but suggests "it is unfair to think of all small operators in the business as being 'cowboys'; incentive travel is a business where the personal service from a small company can be very important."

Yet the fledgling incentive travel industry is already in danger of being split by a row, with some companies threatening to leave the trade association.

The issue at stake is whether or not incentive travel operators should carry an Air Travel



Conference and Incentive Travel

Organiser's Licence (ATOL) issued by the Civil Aviation Authority. Any company wanting to organise air travel - package tour operators as well as airlines - has to satisfy the CAA that it is in a financially sound position so that it can carry out its business.

As part of being granted a licence, the air travel organiser must obtain a bond - to a limit in proportion to its scale of business - which, effectively, is an irrevocable financial guarantee from a bank or insurance company to pay over the bond to the CAA if the company goes bankrupt.

Should a company fail, then the bond will help customers abroad complete their holiday or journey and will recompense customers at home.

Annual renewal of the licence is not a formality and the licence can be withdrawn from a company with a worsening financial position.

The row erupted earlier this year when three small incentive travel operators went bankrupt without being in possession of a bond. The result was that companies which had booked incentive programmes with these operators lost money.

The problem facing many small operators, however, is that tying up a large proportion of their cash flow in the form of a bond which may never be needed can put them under financial pressure. A bad debt from a client company in these circumstances can force such operators into bankruptcy.

Mr Tonnison of The Travel Or-

ganisation is among those incentive travel organisers who believe an ATOL bond is essential to maintain confidence in the sector. "While ATOL is not the perfect answer, it is the best available at the moment," Mr Cuff and others, however, are not certain that an ATOL bond is the right answer since it does not necessarily cover the type of travel business organised by many operators. "Given that few incentive programmes are based on contract fares, it follows that even if all incentive travel companies held ATOL licences, the protection offered would be small," points out Mr Peter Loynes from CID Incentive.

One way out of the dilemma is for client companies to insist on a closer scrutiny of an incentive travel operator's finances before agreeing a programme. Other pressure may come from the Civil Aviation Authority itself which is trying to stamp out the practice known as "unbrella-ing" - where a tour operator uses another operator's ATOL licence.

It would be unfortunate if the incentive travel sector's growth prospects are marred by further incidents of operators going into liquidation without any recompense to their corporate clients. Certainly, there can be little doubt of the strength of demand in the 1980s for the services offered by incentive travel organisers.

The industry is growing by 20 to 30 per cent a year, although accurate statistics are hard to come by because the sector is

split between conference and incentive travel. The distinction between the two is not always obvious, however. Many companies use the pretext of a sales conference in some exotic destination or cruising in the Caribbean as a means of rewarding key personnel. Others are more straightforward and offer a trip as an incentive to employees to achieve certain sales targets.

In addition, there are trips both within the UK and abroad to attend legitimate conferences and exhibitions; the fact that it is being held in Bangkok is, so it is argued, largely incidental to the fact that the conference has to be attended.

Given this broad definition of the market, the problems of calculating its size are obvious. Organisers of specialist incentive programmes estimate the market to be worth about £250m a year - although this is probably an underestimate since it does not take account, for example, of incentive rewards such as package holidays bought direct from a tour operator.

The conference element is equally hard to estimate. While some £1bn a year is reckoned to be spent on conferences and exhibitions in the UK, this also is likely to be an underestimate since it does not include the small conferences held by companies in hotels. Moreover, when the amount spent on international conferences is taken into account, the true size of the industry becomes more apparent.

The conference and incentive travel business, however, remains a very fragmented industry. It ranges from single-person operations - through to the world's major airlines and hotel chains.

British Airways, for example, has increasingly become involved in incentive travel over the past few years. "What we do as an airline has a tremendous effect on the incentive travel industry," points out Mr Roger Freeman, a senior conference and incentive executive for BA.

For example, our recent introduction of a one-stop flight to Sydney has opened up Australia to the incentive travel world. People are now beginning to think of Australia as a viable destination because the time element has been so much reduced.

The key element behind the growth of the conference and incentive travel market has

been motivation. After a certain level of financial remuneration, extra pay ceases to motivate sufficiently. Even though international travel may actually be less enjoyable in reality, it is the image of a trip abroad that can act as a real spur.

Many incentive programmes, moreover, usually include the spouse in the scheme on the basis that further pressure on the domestic front will cause the executive to perform even better.

Companies which have traditionally used travel as an incentive have been those in industries where selling is paramount: insurance, cars and pharmaceuticals. But an increasing number of other companies now use travel as an incentive.

HP Bulmer, for example, gave a winning sales force team of seven executives and their spouses a cruise on a luxury yacht - through a company called "Yachting Partners" - in the Mediterranean.

"The yacht was a superb motivator for the sales force," says Mr Fearghal Collins, Bulmer's general sales manager. "Out of the total package of incentives that we offered our sales force, the yacht was perceived as the one they wanted to try for most."

Companies are looking, increasingly, for different types of trip to offer as an incentive. Sailing down French rivers in the luxury barge Fleur de Lys - complete with heated swimming pool - is a popular incentive prize, according to tour operators Abercrombie and Kent.

Incentive travel can be closer to home: the nostalgic era of steam trains can be recreated on the Royal Scotsman which can be chartered for a special six-day tour round the highlands of Scotland.

But for many, it is the long-distance destination which offers the greatest lure. Hong Kong and Singapore, for example, are battling it out to offer the best deals for incentive trips to the Far East. Not only do they offer attractions in their own right, they are also useful places to spend a few days in before going further east.

Two destinations already shaping up to being the "in" places in 1988 are Australia - because of the bicentennial celebrations - and the Olympic Games in Korea. Florida continues to grow as a long-haul destination, with Disney World as the prime attraction.

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Two destinations already shaping up to being the "in" places in 1988 are Australia - because of the bicentennial celebrations - and the Olympic Games in Korea. Florida continues to grow as a long-haul destination, with Disney World as the prime attraction.

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INCENTIVE TRAVEL 2

Hotels will do almost anything to keep conference and incentive guests happy

Quizzes, barbed wire and fortune tellers

THE CRACKLING loudspeaker in the ballroom of London's Hilton Hotel in Park Lane at the recent PR week awards ceremony drowned the words of company Lancet Percival and irritated many.

"There are 600 senior marketing and public relations people here tonight, some of whom will not be impressed by a poor sound system," observed one marketing man. "It might not be anyone's fault but you simply cannot afford to make mistakes in the competitive hotel business."

Hotels of all shapes and sizes in the UK and throughout the world are well aware that conference and incentive travel business is a vital part of their market and is ignored at their peril. Not surprisingly, competition is fierce and hotels will seemingly do anything to keep conference and incentive guests happy.

Holiday Inn's new hotel in Malta, for example, will this year have been transformed into a television quiz games studio, a miniature Olympic stadium, and a military battlefield at the request of various confer-

ence organisers. Rorer Pharmaceuticals was the company seeking a military theme for its sales conference. Holiday Inn arranged for battle dress costumes, barbed wire fencing around the complete hotel, and a military brass band.

Amersham International Medical based its conference around a quiz game theme - with electric lights and buzzers - while next month two other pharmaceutical companies, Smith Klein and French Pharmaceuticals, are creating a miniature Olympics with games and competitions.

The importance of the conference and incentive travel business to hotels is emphasised by Inter-Continental Hotels, part of Grand Metropolitan. "Conferences and incentives now account for over 7 per cent of our business worldwide and we expect that figure to increase to nearer 10 per cent by the end of the decade," believes Mr Richard Hodgson, European marketing director for Inter-Continental.

"The incentive market is highly competitive and you have to offer something special," points

out Ms Julia Camp, regional sales director for the Mandarin Oriental Hotel Group.

The "something special" offered by the group, she adds, "is the opportunity to stay in hotels which have consistently been acclaimed as the best in the world."

The Mandarin Oriental in Hong Kong, for example, was recently voted the best hotel in the world by readers of Business Traveller magazine. Its sister hotel - the Oriental in Bangkok - was again voted top by Institutional Investor magazine, an award it has won every year since the poll started in 1980.

Mandarin Oriental's newest Asian hotel - the Oriental in Singapore - has already secured incentive business worth £250,000 from Ford Parts and Service, operations in Europe. Some 1,200 Ford delegates will be staying at the hotel during the last quarter of this year.

But while hotels in the Mandarin Oriental Hotel Group are among the most exclusive in the world, even they have to change to meet the needs of the incen-

tive market and offer special theme parties. The Oriental in Bangkok, for example, offers a "village party" where the hotel restaurant is transformed into a traditional Thai farming village with guests wearing village clothing.

The up-market Regent International chain of 12 hotels also tailors its activities to the needs of the market. "An 'incentive package' is much more than just the best accommodation and service," comments Ms Valerie Le Moignan, UK sales director.

"Imagination and creative planning by the hotel with the client is essential. Our themed evenings include Rose Balls, fortune tellers, Australian bush bands, and classical music - all ingredients for a successful incentive programme which will achieve the clients' objectives."

The Marriott and Hyatt hotel groups are two other leading international hotel chains which compete strongly for the conference and incentive traveller.

Trusthouse Forte also operates a special incentive scheme, called Leisure Cheques, which are used by many companies as a motivator and reward system. These

cheques are available in different amounts and are redeemable in almost all THF's hotels throughout the world. Their attraction is that they enable an individual executive to choose when and where to stay at their own convenience.

But the large hotel groups do not have it all their own way. Smaller hotel chains are also fierce competitors, catering especially to the trend for small conferences and meetings.

Cophorne Hotels, part of British Caledonian airlines, has played host to a number of large companies - ranging from Mars and GEC through to ICL and Westmoreland Helicopters - who want smaller meetings.

"Cophorne's hotels are medium-sized properties, which are committed to detail and personal service," says Mr Peter Brinich, Cophorne's vice-president for development and marketing.

"On average, 'small' meetings comprise about 40 people. With this in mind and keeping the concept of providing personal service, Cophorne's meetings and conference facilities are tailor-made to the clients' needs and those of the destination."

London's newly-opened St James Court Hotel is also proving to be a popular destination for small groups. Ford in the US, for example, recently brought over 100 of its top managers to a conference at the hotel.

Apart from its central location, Mr Robert Tether, sales and marketing manager, claims the hotel has "a number of facilities to offer above and beyond our competitors - including a tranquil garden situated in the heart of the hotel".

The Thistle Hotel group is another company keen to develop the conference and incentive travel market. It operates a flexible voucher scheme called incentivePlan, similar to THF's Leisure Cheques, and all its 30 UK hotels now have a facsimile machine for guests' use.

Luxury country house hotels are a growing trend in the conference market and as weekend break incentives. Pride of Britain is the marketing organisation for some 24 of these country house hotels.

David Churchill

Conferences

UK is second

LONDON last month got a new £3.5m purpose-built conference centre - tangible evidence of confidence in the growth of the UK conference business.

The new conference venue was opened at the Olympia exhibition complex in West London but can also operate independently.

"We decided to build the conference centre because of the clear need in London for an attractive meetings unit which can also provide ample exhibition space alongside," says Mr David Fasken, managing director of Earls Court & Olympia.

"We believe there is a shortage of space in London for the exhibition-led conference and the conference-led exhibition," he adds.

London was for many years the city that everyone wanted to come to for a conference - because of its obvious attractions as one of the world's leading capitals. But, frequently, international conferences went elsewhere because of the lack of adequate facilities.

In the last decade, however, this has changed - not only in London but throughout the rest of the UK as new facilities have come on stream.

According to figures presented at last year's Congress of the European Federation of Conference Towns, the UK is now the second most popular destination for major international association meetings.

Mr Ghislaine de Conninck, conference director for the Brussels-based Union of International Associations, told the congress that in 1985 the Union recorded some 6,232 international association conferences - a rise of 13 per cent over 1984. Of the 1985 total, 3,952 were in Europe, 1,181 in the Americas, 659 in Asia, 243 in Africa and 128 in Australia. (A few conferences went to unspecified destinations.)

Although the US (with 706 conferences) was the top country of destination for such conferences - because many associations based there - the UK moved into second place with 598, edging out France, West Germany, Switzerland, Belgium, Italy, the Netherlands, and Austria came next in order of popularity.

But Paris emerged as the most popular city for these international conferences with 274 meetings, ahead of London with 238. Next came Brussels, followed by Geneva, Vienna, West Berlin, and Rome. New York, the most popular venue for international conferences in the US, only came eighth in the world ranking.

Although they are relatively few in number, these international conferences are much sought after because they bring high-spending executives and considerable prestige. The World Congress of Gynaecologists, for example, was reported to have spent an estimated £1m in direct costs in six days in West Berlin last year - not counting the extra revenue generated in shops and restaurants in the city.

The buoyancy of London and the UK in the international conference markets took a knock last year when the Americans decided to boycott Europe in

the wake of the Libyan bombing and Chernobyl incidents. The numbers of visitors from North America plummeted by an alarming 50 per cent in the immediate aftermath of the incidents - although by the end of the year the market had largely recovered in terms of actual visitors.

The implications for the UK conference market, however, are still being felt. "The group and incentive market has not fully recovered from last year's events," points out Mr Robin Lees, director of the British Hotels Catering and Restaurants Association. "Because these visitors have to be put together at an early stage, they are not likely to be back in force until next year."

Many international conferences and special corporate and group trips are booked at least a year in advance - in some cases the lead-time is several years. Thus fears of terrorism last year could have repercussions for years to come.

However, the London Visitor and Convention Bureau reports that inquiries and firm bookings for group travel picked up considerably this year. Many in the travel trade believe that the American organisers of major conferences are too sophisticated to be put off by the scars of last year and know that London and the UK remains a leading destination.

Mr Frank Kelly, head of international relations at the British Tourist Authority, points out that "most Americans have been here before and they know we have a lot to offer".

London's popularity as a conference destination encouraged the British Government to build the Queen Elizabeth II conference centre in Westminster which opened last year. The aim of the centre is to provide substantial conference facilities for meetings of world leaders - although the centre is also being used by a range of commercial customers.

Earlier this year the Wembley conference centre upgraded its facilities to keep up with rising demand and next year a new conference and exhibition centre is due to open at Alexandra Palace in North London.

Outside London the National Exhibition Centre based near Birmingham has plans substantially to increase its capacity over the next few years. The new G-MEX centre in Manchester is another regional venue competing for international and domestic business.

Although there is a clear demand for large-scale meetings - the NEC housed the recent British Telecom shareholders meeting - there is also a trend in the conference world towards smaller-scale meetings in hotels or small conference venues.

Similarly, the development of technology has made videoconferencing a realistic and cost-effective alternative to actual travelling to conferences. British Telecom's international offers a number of services, such as Face-to-Face videoconferencing which enables interactive meetings to take place in several different countries at the same time.

David Churchill

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Destination: Tuscany

Villa La Ferdinanda

A VILLA with "all the delights which an important man could desire before he went game-hunting", was the brief that Ferdinand de Medici gave his architect in 1587. Whether Renaissance genius Buonaiuti fulfilled these requirements can be judged today by important men and women taking time away from high-pressure business for some revivifying R and R in rural Tuscany.

The farmlands and woods of Artimino, high in the Tuscan hills, were acquired in the sixteenth century by Cosimo I, Grand Duke of Tuscany. It was his son, Ferdinand, who, impressed by the beauty of the countryside, decided to build a villa there on his coronation.

The Villa La Ferdinanda, characterised by innumerable chimneys like dovescots bristling from its shallow roof, has a commanding view of a landscape almost unchanged since the days when the Medici held sway.

Today the villa, also known locally as the "villa of the hundred chimneys", caters for the new dynasties; hosting congresses, conferences, meetings and banquets for companies from all over the world. A buffet for 4,000 can be accommodated, or a sit-down lunch for 3,000.

There are six conference rooms for 200 to 400 people and 24 rooms to hold meetings of 10-50 people.

Facilities include simultaneous translation, closed circuit television, full range of visual equipment and cat-walks for fashion shows. The villa's kitchen prepares dishes from Renaissance recipes as well as more typical Tuscan fare. There is a magnificent cellar in which tastings of the mellow local wines can be arranged in the shadow of monumental barrels.

Accommodation (60 beds in all) is in La Faggetta Medicea, a long two-storey building which once housed the servants of the great family. Original terracotta brick floors and wooden beams have been retained in rooms at once rustic and sophisticated.

Meals are taken in another converted grand building of the estate, the Biagio Pignatta restaurant which offers excellent all-day dining in the landscaped grounds.

Tuscany has, justifiably, an international reputation for both its food and wine. Health-conscious guests, attempting to beat the worst effects of over-indulgence, can be seen jogging round the grounds or playing tennis on the hard courts. There is a nearby lake for both swimming and fishing.

A swimming pool had been planned for the hotel but initial excavations revealed evidence of Etruscan settlement and work had to be stopped. The site is virtually littered with remains of the area's early inhabitants and the grounds contain ruins of an Etruscan village and necropolis. Some of the more portable finds are housed in the villa's basement archaeological museum.

An excellent rail service from a nearby village connects Artimino with Florence. Nearer still is Vinci, home of Leonardo, in a short drive across switchback hills of lavish beauty.

But only a five-minute walk away down a sweeping avenue of trees is the beautiful, faintly mysterious hamlet of Artimino, a huddle of broad, honey-combed buildings with secretive little windows. Artimino, its entrance arched beneath a clock tower, has two treasures: a sturdy Romanesque church and Delphina's.

A pretty, white-haired lady in her eighties, Delphina is a bit of a bully, according to her sons, in a short drive across switchback hills of lavish beauty. But to the customers, canonisation would not be good enough for her.

Annalena McAfee

Destination: Paris

Extra allure

PARIS HAS some matchless advantages. It is the closest of the sophisticated city destinations; it has, in the jargon of the trade, the most attractive (cheap) airfares and it has a more varied collection of hotels, restaurant and "leisure opportunities" than almost any other city.

It has really only one disadvantage: for today's increasingly well-travelled company person, Paris may already be so familiar that the prospect of three or four days whooping it up down the Boulevard may not be quite exciting enough.

The companies specialising in incentive travel, like Travel Awards which is one of the top three, are well aware of the problem and are increasingly building into the Paris packages the kind of allure that even the most world-weary will find attractive.

High on the list of extras, is the highly exclusive St James's Club, newly-ensconced in a grand turn-of-the-century chateau barely a stone's throw from the Avenue d'Opera.

Paris still has incomparable night-life to offer. Many an incentive tour operator will put into the package an evening at one of the most sophisticated floor shows in the world. As for eating out, even the most jaded of appetites can usually be guaranteed to be awakened by a few pertinent arrangements to take in the restaurant life of the city.

The grand restaurants are well-documented, nevertheless a visit to some of the current temples of haute cuisine - Robuchon, Taillevent, Le Grand Ve-four, Carre des Feuillants, Lucas-Carlton - can be a powerful incentive.

For those groups on a lower budget, Paris still abounds in brasseries and bistros de quartier. Places like La Coupole in Montparnasse, the Vaudeville in the Rue Vivienne and the Brasserie Lipp, remain matchless places for people-watching and taking in the panorama.

Then there are the Bateaux Mouches which are among the best floating restaurants in the world. They are ideal for incentive travel groups since they can cope elegantly with large numbers all at the same time, they provide superb food, the views of the city that a glide along the Seine provide are incompara-

ble, and the boats can usually be persuaded to pick up their customers at points that fit in with the schedule.

For really grand dinners, there are any number of fine chateaux within an hour or so's run from the city - a dinner, for instance, laid on in the Orangerie in the Palace of Versailles never seems old-hat.

When it comes to hotels, Paris is hard to fault. There is sometimes a problem with booking in really large groups - tour operators often have to use the Meridien and the Concorde Lafayette. Both are conveniently, if unromantically, situated close to the Palais des Congress and offer the modern convenience of large, well-equipped rooms.

The Grand, near the Opera, is likely to be a good new addition to the list - not only is it more centrally located but it has tradition and a charm with which it is hard for even the most luxurious of new hotels to compete.

Paris is wonderfully supplied with luxury hotels - Travel Awards have found that there is nothing like a few nights lapped in the kind of luxury that the Bristol, the Crillon, the Plaza Athenee or the George V have to offer.

Lucia van der Post

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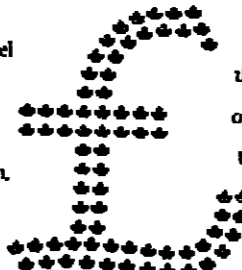
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CURRENCIES, MONEY AND CAPITAL MARKETS

37

FOREIGN EXCHANGES

Dollar more stable

THE DOLLAR enjoyed a period of relative stability yesterday, but trading remained nervous as dealers weighed the implications of the twin US deficits on trade and the budget, and comments by senior officials.

Recent remarks from ministers in Washington, Tokyo, and Frankfurt have attempted to reinforce the Group of Seven agreement on currency stability, but in the long term dealers have doubts about the ability of the US to continue along the path of very large deficits on the budget and trade.

Sentiment suggested the dollar is likely to test the downside of its recent range in the near future, but it closed around the day's highs in Europe yesterday.

This followed news that President Reagan is prepared to discuss with Congress proposals to cut the budget deficit by increasing taxation, although he remains opposed to any such move.

The dollar was generally stable against the dollar in 1987 to 1.6885, and against the dollar in 1988 to 1.6885. The dollar rose to DM 1.8080 from DM 1.8000, and to SF 1.5005 from SF 1.5000, and to Y144.15 from Y143.00.

On Bank of England figures the dollar's index rose to 100.9 from 100.8.

STERLING—Trading range against the dollar in 1987 is 1.4685 to 1.4710. September average 1.4654. Exchange rate index was unchanged at 74.4, compared with 72.5 six months ago.

Starting fell 1/2 cent to \$1.6520-1.6530 as the pound was on the sidelines in dull currency trading. In terms of other major currencies the pound's tone was firm, rising to DM 2.5975 from DM 2.5925, to FF 9.9875 from FF 9.9825, and to SF 2.4875 from SF 2.4825. It was unchanged at 123.8-25.

£ IN NEW YORK

Oct. 21	Latest	Previous
1 month	1.6520-1.6530	1.6520-1.6530
3 months	1.6520-1.6530	1.6520-1.6530
6 months	1.6520-1.6530	1.6520-1.6530
12 months	1.6520-1.6530	1.6520-1.6530

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

Oct. 21	Latest	Previous
8.30 am	73.4	73.7
10.00 am	73.3	73.8
11.00 am	73.3	73.7
12.00 pm	73.4	73.7
1.00 pm	73.4	73.7
2.00 pm	73.4	73.4
3.00 pm	73.4	73.4
4.00 pm	73.4	73.4

CURRENCY RATES

Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward

CURRENCY MOVEMENTS

Oct. 21	Bank of England Index	Morgan Guaranty ^a Change %
Sterling	73.4	-20.0
U.S. Dollar	100.9	-6.1
Canadian Dollar	78.7	-9.6
Austrian Schilling	137.4	+10.0
Belgian Franc	99.5	-5.0

OTHER CURRENCIES

Goldster	135.1	+14.4
French Franc	71.4	-13.2
Lira	47.3	-18.2
Yen	220.8	+64.5

OTHER CURRENCIES		
Oct. 21	£	\$

EXCHANGE CROSS RATES

Finland	7.2055-7.2180	4.3550-4.3580
France	228.20-232.15	136.15-140.45
Hong Kong	12.9320-12.9415	7.8070-7.8080
Iran	118.65	70.50*
Korea(S'K)	1324.10-1336.05	801.10-807.70
Kuwait	0.46540-0.46580	0.28105-0.28115
Luembourq	62.35-62.45	37.70-37.80
Malaysia	4.1870-4.1975	2.5275-2.5325
Mexico	26.85-26.88.45	162.00-1622.00
N. Zealand	2.5545-2.5595	1.5430-1.5455
	33.80-33.85	76.00-76.10

OTHER CURRENCIES

S. A. (Fr.)	5.9125-6.1310	3.5715-3.7055
Japan	49.40-49.65	29.95-30.05
U.A.E.	6.0815-6.0870	3.6725-3.6735

*Selling rate.

MONEY MARKETS

OTHER CURRENCIES

LONGER TERM interest rates were a little lower in the London money market yesterday, reflecting

OTHER CURRENCIES

speculation about an early cut in UK base rates.

**UK clearing bank base
lending rate 10 per cent
since August 7**

OTHER CURRENCIES

England elected to give early assistance through sale and repurchase agreements rather than outright purchases, but there was little evidence to suggest that rates were about to fall. Short term interbank rates have remained remarkably steady.

OTHER CURRENCIES

traded between 11 per cent and 8 per cent while the three-month rate finished at 10½-10¾ per cent compared with 10¼-10½ per cent.

The Bank of England forecast a shortage of around £950m with factors affecting the market

OTHER CURRENCIES

financial hands together with a take
up of Treasury bills draining
£315m and Exchequer transac-
tions £510m. There was also a rise
in the note circulation of £90m.
These were partly offset by banks'

OTHER CURRENCIES

Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward
Oct. 21	Bank	Spot	Forward

FINANCIAL FUTURES

Prices try to consolidate

GILT PRICES finished a little higher on the day in the London International Financial Futures Exchange yesterday as traders tried to take stock after two hectic days.

The recent sharp fall in equities and the consequent underwriting by the US authorities was sufficient to bring a majority of the more rampant bears back to reality. While gilts appeared to benefit from a flight to quality, there was still a bit of a puzzle since in times of uncertainty short dated instruments should gain over long term bonds, sentiment was affected by the recent reduction in US interest rates.

This gave rise to speculation over a cut in UK base rates and the rumour mongers gained ammunition from the Bank of England's mode of assistance in the money market which included sale and repurchase agreements. However many analysts were quick to dismiss the notion of an early cut since most money instruments in the UK had remained rather aloof from the turmoil suffered in the US.

Three-month sterling deposits certainly moved higher in the morning and stayed within a fairly narrow range during the afternoon but three-month interbank money finished at the same level as last Thursday.

US TREASURY bond prices opened firmer after Tuesday's cuts in US prime rates but tended to ease back on profit taking. However later trading saw values rally so that the December price rose from a low of 83.10 to close at 83.07, having opened at 83.20 up from 83.06 on Tuesday.

Dealers also noted that the IMF in Chicago had increased the margin requirements on three-month Euro-dollars and 90-day Treasury bills to \$1,500 and \$1,000 respectively.

EURO-DOLLAR futures prices were generally stable, with the December price at 83.07, having opened at 83.20 up from 83.06 on Tuesday. The March price was at 83.07, having opened at 83.20 up from 83.06 on Tuesday.

The dollar was generally stable against the dollar in 1987 to 1.6885, and against the dollar in 1988 to 1.6885. The dollar rose to DM 1.8080 from DM 1.8000, and to SF 1.5005 from SF 1.5000, and to Y144.15 from Y143.00.

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The pound was on the sidelines in dull currency trading. In terms of other major currencies the pound's tone was firm, rising to DM 2.5975 from DM 2.5925, to FF 9.9875 from FF 9.9825, and to SF 2.4875 from SF 2.4825. It was unchanged at 123.8-25.

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Due to prevailing international stock market conditions which affect the proper valuation of the above companies' investments, the Manager of the above companies announces that in accordance with their respective Articles of Association dealings were suspended on 19th and 20th October, 1987 in all classes of shares of those companies except for MST - Global Bond, Managed Currency and Yen Global Bond Funds and MOST - Cash Fund. Dealings in all classes of shares recommenced on 21st October, 1987 except for MST - Pacific and Hong Kong Funds and MOST - Pacific Fund which remain suspended.

For details of the current position please contact the Manager. Formal notice of termination of suspension of those classes still suspended will be published in this newspaper.

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ACCOUNTANCY

Publication date November 20 1987
 Advertisement copy date November 6 1987

The Financial Times proposes to publish this survey on the above date

A number of areas will be covered including:

- * Audit
- * Management Consultancy
- * The importance of medium sized firms
- * Corporate Finance

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY OCTOBER 20 1987					MONDAY OCTOBER 19 1987			DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Figures in parentheses show number of stocks per grouping											
Australia (90)	121.96	-23.6	108.90	113.11	3.54	159.10	140.36	145.98	138.81	99.92	90.36
Austria (16)	95.25	-1.5	89.58	93.27	4.87	107.87	97.57	98.97	96.87	96.87	96.87
Belgium (12)	120.13	-2.5	105.07	98.93	4.87	108.80	95.99	99.95	124.83	96.19	90.91
Canada (1020)	-11.4	91.37	97.38	3.13	115.10	101.54	108.05	141.78	100.00	97.94	97.94
Denmark (38)	106.79	-9.9	95.67	101.06	2.96	118.50	104.53	110.28	124.83	98.18	99.28
France (122)	90.91	-2.0	81.44	86.10	3.26	92.79	81.86	86.42	122.82	90.91	91.77
Germany (93)	95.88	-0.6	90.72	94.92	3.40	107.82	97.82	101.86	124.83	98.18	99.28
Hong Kong (46)	133.31	-0.1	119.42	133.64	3.64	135.50	117.78	135.54	156.68	96.89	97.71
Ireland (47)	121.92	-6.2	109.22	116.00	3.94	145.37	128.25	136.19	160.22	99.50	80.22
Italy (95)	84.74	-6.1	72.51	82.59	2.94	90.37	79.73	86.78	112.11	86.21	105.84
Japan (1438)	110.44	-1.2	112.14	102.42	1.10	124.82	117.90	124.82	136.19	99.50	99.50
Malaysia (36)	129.26	-15.3	115.79	126.02	2.90	125.53	134.57	148.24	193.64	98.24	98.43
Netherlands (37)	131.06	-11.9	278.65	550.79	0.54	352.93	331.36	626.08	622.59	97.72	78.94
Norway (37)	95.89	-9.1	85.90	88.99	5.14	105.52	93.09	96.20	131.41	95.89	95.11
Sweden (123)	106.22	-16.6	95.36	85.28	3.83	107.82	97.82	101.86	124.83	98.18	99.28
Norway (24)	128.34	-21.5	114.97	115.50	2.40	163.52	144.26	145.04	185.01	100.00	103.31
Singapore (22)	109.22	-9.2	102.22	109.49	2.42	142.78	125.95	137.22	174.28	99.29	99.72
South Africa (67)	173.45	-20.0	155.38	128.55	3.32	192.64	165.96	140.39	198.09	100.00	94.97
Taiwan (16)	71.1	150.49	134.13	107.10	162.00	142.92	143.17	148.81	100.00	96.87	96.87
Sweden (34)	113.78	-8.3	101.93	107.30	2.16	124.02	109.41	115.62	136.64	90.85	98.18
Switzerland (53)	91.41	-4.6	81.88	85.03	1.99	95.78	84.50	87.65	111.11	91.41	94.22
United Kingdom (335)	125.56	-22.6	112.48	112.48	4.09	145.68	126.76	126.76	162.87	99.65	96.34
USA (594)	86.34	-8.6	86.30	96.34	3.85	92.92	81.90	92.83	137.42	92.83	92.83
Europe (952)	105.90	-9.2	94.87	97.41	3.47	116.57	102.84	105.57	130.02	97.78	94.35
Pacific Basin (680)	123.23	-16.6	110.40	112.45	0.84	147.32	130.32	132.80	158.77	100.00	88.68
Euro-Pacific (1632)	116.35	-14.0	104.23	106.46	1.80	135.30	119.37	121.95	143.65	100.00	90.92
North America (713)	96.64	+2.8	85.58	86.42	3.80	94.04	86.73	137.35	94.04	98.18	98.18
Europe (952)	105.90	-9.2	94.87	97.41	3.47	116.57	102.84	105.57	130.02	97.78	94.35
Pacific Excl. Japan (1222)	122.91	+17.7	110.11	116.29	3.51	145.74	128.58	136.74	164.03	99.92	88.68
World Ex. US (1836)	113.56	-13.9	104.42	106.67	1.87	135.33	119.39	121.98	143.38	100.00	91.17
World Ex. US (2085)	116.56	-13.9	104.42	106.67	1.87	135.33	119.39	121.98	143.38	100.00	91.17
World Ex. US (2259)	108.30	-8.5	97.02	102.82	2.35	118.41	104.96	111.30	139.47	100.00	93.45
World Ex. Japan (1962)	108.76	-3.1	91.16	98.45	3.66	104.99	92.63	100.89	134.22	100.00	96.41
The World Index (2420)	107.72	-8.5	97.39	103.05	2.54	118.88	104.88	111.56	139.73	100.00	93.89

Base values: Dec 31, 1986 = 100
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Latest prices were unavailable for this edition
Hewlett-Packard extended from October 20

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87		Feb 88		May 88		Stock
		Vol.	Last	Vol.	Last	Vol.	Last	
GOLD C	\$200	93	4.50	55	14.50	—	—	\$460.70
GOLD E	\$200	94	2.50	—	—	—	—	—
GOLD F	\$420	7	0.50	30	3.50	—	—	—
		Dec. 87		Mar. 88		June 88		
SILVER C	\$650	13	30.68	—	—	—	—	\$741
SILVER E	\$700	50	75	43	70	—	—	—
SILVER F	\$800	50	1	—	60	—	—	—
SILVER G	\$800	1	—	—	40	—	—	—
SILVER H	\$900	—	—	—	—	—	—	—
		Nov. 87		Dec. 87		Jan. 88		
\$/FI C	F1.55	28	2.00	28	4.50	—	—	F1.203.55
\$/FI E	F2.00	38	4.20	10	4.50	1	5.40	—
\$/FI F	F2.00	29	1.80	563	0.60	—	—	—
\$/FI G	F1.10	—	—	—	0.60	—	—	—
\$/FI H	F1.95	4	0.70	7	1.30	—	—	—
\$/FI I	F2.00	35	3.20	6	—	36	3.70	—
\$/FI J	F2.00	315	3.80	6	5.20	—	—	—

		Mar. 88	June 88	Sept. 88	
S/FI C	FL205	2	3.708	—	FL203.55
S/FI P	FL202	16	4.60	7	"
S/FI P	FL205	6	7.508	—	"

		Jan. 88		Apr. 88		Jul. 88		
ABN C	FL48	853	1.10	87	2.30	—	—	FL41.20
ABN P	FL40	969	3.30	93	3.70	120	5.10A	
AEGON C	PL75	138	4.40	24	6	—	—	FL70.50
AEGON P	PL70	38	5.50	—	—	—	—	
AMUL C	FL96	104	4	28	8.50A	—	—	FL84

AHOLD C	FL20	24	13	15.64	—	—	FL24
AHOLD P	FL100	28	17	17.50	—	—	FL100
AKZD C	FL150	2208	10,508	85	15	58	FL144
AKZD P	FL120	452	4.60	—	—	—	FL120
AMEV C	FL50	65	5.10	—	8	6.50	FL50.50
AMEV P	FL65	47	15	17.50	—	—	FL65
AMRO C	FL70	338	5.60	88	7	13	FL69.50

AMINO P	FL45	363	3.30	—	—	—	—	—
ELSEVIER C	FL50	215	4.70A	5	6	6	6.50	FL48.50
ELSEVIER P	FL45	161	3.20	—	—	—	—	—
GIST-BROC. C	FL45	222	3	11	5.30A	—	—	FL43
GIST-BROC. P	FL50	376	7.50	27	10	—	—	—
HEINEKEN C	FL190	61	1.90	3	4	—	—	FL155.50
MOOGOVENS C	FL45	343	2.80	172	9.70	2	5	FL41.20

HOOGVEEN P	FL45	101	5.508	11	7	—	—	—
KLM C - ...	FL45	772	4.20	73	7	13	7.90	FL42.50
NEDLLOYD C	FL170	61	11.50	4	14.50	—	—	FL161.50
NEDBLOYD C	FL160	84	7.50	5	11	—	—	—
NAT. NED. C	FL65	380	3.40	38	4.50	49	6.20	FL61.80
NAT NED P	FL60	102	4	36	4.50	55	5.80	—
PHIL IPS. C	FL50	1611	2.10	251	3.50	55	4.80	FL43.50

PHILIPS P	FL40	849	3	45	4.20	55	5	FL225.90
ROYAL DUTCH C	FL230	1203	34.50	125	24.50	31	31	FL118
UNILEVER C	FL120	672	10	75	16	31	17.50	

TOTAL VOLUME IN CONTRACTS: 62,902

A=Ask B=Bid C=Call P=Put

Circumstance	Percentage (%)
If someone is attacking you	85
If someone is threatening you	75
If someone is harassing you	65
If someone is insulting you	55
If someone is annoying you	45

ET CROSSWORD PUZZLE No 6462

DANTE

	1	2	3	4	5	6	7	8
9								

[illegible][illegible][illegible][illegible][illegible]

29

ACROSS

1 One who's given up (5.9)
10 Brought down to earth (5)
11 All the broken stone that
goes into concrete (8)
12 Urged on new experience (5)
13 Possibly learnt about East-
ern immortal (7)
14 Has a dispute about right
usage? (6)
15 Destitute writer on African

12	Placed on a new experience (7)	river steamer (9)
13	Placed in a losing position in tennis (3,4)	17 Facial make-up used by the police (9)
14	Be niggardly in a task, impatient too (5)	18 Spun a line about a land project (9)

18 Alice pops out of the church (9)
19 A great strain—so Hitler thought (5,4)
20 Rules unpopular with
21 Haig's undisturbed by great pain (7)
22 Observe the cook in hot water? (6)
23

22	Fresh garb that is left for a minister of God (7)	23	Carry on playing cricket for the staff (5)
25	Man to possibly enter the church (7)	24	Ordinary people from Italy (5)

27 Almost in debt? Very well
could be (2,3,4)
28 Soft currency? (5)
29 Is in a fine state of suspense

DOWN

2 Useful expression for one raising a child (3-15)

C	O	N	T	R	E	M	P	S	P	A	R
A	A	O	A	O	T	O	E				
N	U	T	T	B	R	X	E	L	L	E	S
A	I	A									

3 It counts as a hazard for rambblers (5)

4 Propose a broadcast—a serial (4,5)

5 ... money for a long

S **A** **L** **N** **E** **I** **A**

D **E** **V** **I** **L** **M** **E** **N** **T** **L** **O** **C** **A** **L**

I **I** **T** **E** **W** **E**

A **N** **T** **I** **B** **E** **S** **D** **R** **O** **P**

N **Y** **Y** **O** **G**

5 imprisons many for a long
time (5)
6 I'd upset a client, just the
same (3)
7 State from which I had

returned on the second of
the month (5)

E	G	U	R	N	O	O	Y
L	E	Y	M	A	I	N	T
E	N	A	N	C	E		

2/12/77

.....

BASE LENDING RATES

[illegible]

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross Yield	P/E
					(%)	(X)
206	133	Ast. Brkt. Ind. Ordinary	200	—	5.7	12.3
206	145	Ast. Brkt. Ind. CULS	200	—	10.0	5.0
41	31	Amritage & Rhodes	31	—	4.2	13.5
142	67	BBB Design Group (USM)	90	+10	2.1	2.6
128	15	Borden Group	121	—	4.6	12.6
196	95	Bray Technologies	124	—	2.6	14.7
281	130	CCl Group Ordinary	276	+1	11.5	4.2
147	99	CCl Group 11% Conv. Pref.	143	—	15.7	11.0
127	125	CCl Group 11% Conv. Pref.	170	—	3.3	14.8
102	91	Carbomundum 7.5% Pref.	102	—	10.7	10.5
180	87	George Blair	175	—	3.7	2.1
143	119	Isis Group	112	—	—	—
158	57	Jackson Group	103	—	3.4	3.3
740	500	Multihouse Intv (AmstSE)	505	+0.1	2.0	2.4
707	353	Record Ridgway Ordinary	700	—	1.4	14.1
87	83	Record Ridgway 10% Pref.	87	—	14.2	16.2
51	65	Robert Jenkins	65	—	—	—
124	82	Seridone	124	—	3.2	10.9
224	141	Torday & Carlisle	223	+2	6.6	3.0
151	73	Trunk Holdings	69	—	0.8	1.8
42	33	Unifon Holdings (SE)	42	—	2.8	1.3
127	127	West Alexander	26	—	2.4	5.7
201	190	W. S. Yeates	201	—	17.4	8.7
175	96	West. Voyts. Ind. Hosp. (USM)	164	—	5.5	3.3

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of the Securities and Exchange Commission. Other securities listed above are dealt in subject to the rules of FIMBRA.

<p>Granville & Co. Limited 8 Lovat Lane, London EC3R 8BP Telephone 01-621 1212 Member of FIMBRA</p>	<p>Granville Davies Coleman Limited 27 Lovat Lane, London EC3R 8DT Telephone 01-621 1212 Member of the Stock Exchange</p>
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To the Holders of

**Class A-1 and A-2
Floating Rate Bonds Due April 20, 2018**

Pursuant to the Indenture dated as of December 5, 1986 between Collateralized Mortgage Obligation Trust Seventeen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from October 20, 1987 through January 19, 1988, as determined in accordance with the applicable provisions of the Indenture, is 9.75% per annum. Amount of interest payable is \$17.75 per \$1,000 principal amount.

COLLATERALIZED MORTGAGE OBLIGATION TRUST SEVENTEEN

Public Works Loan Board Rates

Effective 10/28/2010				Non-quarter loans A* repaid			
	Quarter loans repaid				Non-quarter loans A* repaid		
Years	by EIP†	A†	at maturity†	by EIP†	A†	at maturity†	
over 1 up to 2	10%	10%	10%	11%	11%	11%	
over 2 up to 3	10%	10%	10%	11%	11%	11%	
over 3 up to 4	10%	10%	10%	11%	11%	11%	
over 4 up to 5	10%	10%	10%	11%	11%	11%	
over 5 up to 6	10%	10%	10%	11%	11%	11%	
over 6 up to 7	10%	10%	10%	11%	11%	11%	
over 7 up to 8	10%	10%	11	11%	11%	11%	
over 8 up to 9	10%	10%	11	11%	11%	11%	
over 9 up to 10	10%	10%	11	11%	11%	11%	
over 10 up to 15	11	11	10%	11%	11%	11%	
over 15 up to 25	10%	10%	10%	11%	11%	11	
over 25	10%	10%	10%	11%	11%	11	

**AUTHORISED
UNIT TRUSTS**

[illegible]

[illegible]

[illegible]

BRITISH FUNDS										BRITISH FUNDS Contd									
2007	2007	Share	Price	Yield	2007	2007	Share	Price	Yield	2007	2007	Share	Price	Yield	2007	2007	Share	Price	Yield
Mo/L	Mo/L			Int. Ret.	Mo/L	Mo/L			Int. Ret.	Mo/L	Mo/L			Int. Ret.	Mo/L	Mo/L			Int. Ret.
"Shorts" (Lives up to Five Years)										Undated									
1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001
1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002
1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003
1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004
1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005
1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006
1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007
1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008
1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009
1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010
1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011
1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012
1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013	1013
1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014	1014
1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015	1015
1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016	1016
1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017	1017
1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018	1018
1019	1019	1019	1019	1															

FOREIGN BONDS & RAILS									
Hwy		Stock	Price		Div	Yld	C'n	B'n	T'n
Low	High		£	\$					
53	52	Green Tea Co.	28	3.50	3.50	8.34			
54	53	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
55	54	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
56	55	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
57	56	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
58	57	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
59	58	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
60	59	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
61	60	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
62	61	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
63	62	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
64	63	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
65	64	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
66	65	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
67	66	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
68	67	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
69	68	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
70	69	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
71	70	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
72	71	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
73	72	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
74	73	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
75	74	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
76	75	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
77	76	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
78	77	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
79	78	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
80	79	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
81	80	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
82	81	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
83	82	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
84	83	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
85	84	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
86	85	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
87	86	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
88	87	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
89	88	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
90	89	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
91	90	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
92	91	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
93	92	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
94	93	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
95	94	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
96	95	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
97	96	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
98	97	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
99	98	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
100	99	De Ag. Ind. Ass.	25	3.00	3.00	8.77			
AMERICANS									

AMERICANS—Continued

BUILDING TIMBER

DRAPERY AND STORES—Cont**ENGINEERING—Continued**

INDUSTRIALS—Continued

INDUSTRIALS—Continued

CANADIANS

Marshall's Hallifax	323	+8	6.25
Manders (John) 20p	289	+3	5.7
Mander (J)	385	+37	3.0

ELECTRICALS

108	Chamberlin & HIR	155	+5	4.0	2.8	3
583	Chemring Group Sp	705	+30	126.5	2.3	3

118	BAA	125	47	166	24
132	BBA	179	42	125	36

243	174	Medical Group 50	167	41	12	4	1
240	30	Medical Research	35		1	1	1
233	188	Medical Bar	225	42	5.75	30	2.5

BANKS, HP & LEASING

Anchor Chemical	490	5.0	3
Astra Holdings Sp	54	+5	10.87	

59	Date Elect. 10p	113	+15	35	14	42	28
41	Datron Int'l 5p	65	---	110	52	21	11
58	Datron Int'l 5p	65	+3	17	14	23	34

67	Metaltrax 5p	104	+5	112.39	2.7	3
189	Mollus	264	+4	87.6	1.2	5

133	Brooks Service	160		138	22
141	Brown & Tawse	228	+3	72	14

288	Power Corp.	130	+3	18.5	1.7	1.4
289	Power Corp.	14		—	—	—
290	Power Distrib. 50c	437	+2	16.5	1.5	1.2

BEERS, WINES & SPIRITS

Blanchard's Top	113	+7	43	6
Body Shop Int Sp	825	+210	181.5	6
Bottom Text Sp	61	+6	7	6

54	88	Motorola 53	125	13	43	16	19
55	E23	Motorola 53	E30	-1 ₂	06-4c	—	13	—
56	57	Millions Elec	65	+2	0.1	—	02	—

80	Cart's Milling	193	+13	6.5	24	4
48	Chambers & ...	195		2.75	0	2

177	Elswick Sp	41	+4	—	—
110	Easton Corp. SI	210	-5	60700	—
204	Eastman Chem	272	+2	23.3	2.6

SI	7	Task Force Sp	38	+6	197.5	14	25
SI	106	Task Force Sp	215	+10	11.5	40	13

BUILDING, TIMBER, ROADS

Gasco 50	190	+15	33	20
Gas (Cock) 100	100		1.0	
Gas-Rover 50	88		1.15	

184	Racal Electronics	268	+10	3.3	3.1	1.7	23.1
193	Do 7pCrLn 2007-14	5120	+3	7%	21.1	25.0	—
98	Radsonics Co. 5m	128	+8	11	28	4	14

53	Nichols (Vanta)	347	77.0	2.6	2.8
54	Norwapa Group 10p	642 + 52	2.0	1.6	4.3
55	Northern Fork	750 + 11	8.0	3.4	4.8

160	Madara 10p	166	+6	01.36	5.3	1
116	Hudson Trust	139	+23	00.19	3.4	3

62	Waterford Glass Sp.	106	+13	96.2%	2.0	29.11
----	---------------------	-----	-----	-------	-----	-------

For Washam's see Optical & Medical Inc.

[illegible]

HOTELS AND CATERERS

92	Whitney Grip 20	170	+2	132	31	28
330	Wester 10p	613	+4	430	73	03
273	Whitney Assoc	578	+23	673	48	17

109	17mm (H)	361m+5	3.9	3.4
-----	----------	--------	-----	-----

[illegible]

INDUSTRIALS (Miscel.)

120	Maroon (1.5) Top	178		195	23	1.5
60	Light Redder	130	+70	190	28	2.0

763	GEN. ACCUM	885	+22	Y28.0	4.4
773	GRE	873	+8	Y34.0	4.4
837	North 15.5				

[illegible]

INSURANCES

[illegible]

MINES—Continued

Stock	Price	+ -
Imperial Mts	33	-7
King Mines N.Y.	18	-
Kalbarner Mts	149	-
La Oro Gold St	45	+2
Olderiver M. 25c	50	-
Patco Pacific ASD 30	120	-70
Platicharra 25c	40	-8
Metals Ex 50c	86	-6
Metals Mines N.Y.	435	-5
Metrator Mts 20c	52	-16
Mt Mts 50c	98	-12
Mtfields Exp 25c	7	-
Mt Secs. 25c	19	+2
Newest Barques 20c	44	-
Normandy Mts N.Y.	235	+3
North B Hill 50c	125	+5
N. Ridgert	58	+3
Oldbridge 50c	17	-

Star Capital Inc.	160	+30
Star Capital Mining 25c	240	-3
Paragon 125c	323	-3
Parco Resources NL	62	+2
Perrigo Mining/Exp 5c	195	-5
Petco-Walton 50c	303	-7
Pelcart Res NL	55	+15
Perron Mining	19	-1
Pegem Margaret East	31	+1
Pegem Mining 20c	50	-
Precision 50c	410	-61
Pacific Exp/NL	19	-2
Pantherhill Mining	34	-
Pine Creek NL	455	-30
Pine Goldfields	14	-

Southern Pacific	78	-20
Southern Ry.	74	-2
Seaboard Ventures 25c	30 1/2	
Seaports Exp't	36	-2
Shen Res 20c	13	+8
Shen Res Mining 25c	96	+5
Shiloh Goldfields W.I.	125	-3
West Coast 25c	22	+10
Shen. Mining 50c	253	-17
Shen. Creek 20c	165	
Shen. Res W.I.	70	

Times

Aggr. Hltzn \$60	112 1/2	
Aggr. Hltzn 25c	100	
Aggr. Hltzn 10c	68	
Aggr. Hltzn \$60.50		

Albany 12 th Ed.	100	10
Albany Mng. 10c	52	
Estimating SM1	135	
Engel Bead SM1	130	
Enjow 150	150	
Enjow 150	180	

Miscellaneous

Anglo-Canadian	73	2 nd
Colby Res Corp.	39	8
Cons. Murch. 10c	263	18
Emm. Ind. 10c	57	+5
Freemrich Res.	379	+52
Genie Gold Mines	184	+18
Highwood Res.	161	-31
Indra Mining Co.	626	64

Mid-Expro Res Ltd.	275	-58
Midvale Exploration	32	-7
Midvale Resources	130	-28
New South Wales Res CBL	290	-98
Northwest CSI	135	-
Quest Resources	945	-25
Res 17	138 1/2	-5
Res 19-2000	32 1/2	-
Therco Res. Inc.	32 1/2	-

THIRD MARKET

Stock	Price	% or	Div
Blackrock Group Ltd	30 1/2	+10	3
Canadian Am Pet Ltd	41	+3	

...cast, Brewer	51	+3	
...entertainment Empire 10p	78	+2	
...entertainment Rec. 10p	18		
...entertainment Rec. 'A'	240	+20	
...entertainment Rec. 10p	295	+8	R2
...entertainment Rec. 10p	85	+7	
...entertainment Rec. 10p	268	-10	
...entertainment Rec. 10p	176	+5	
...entertainment Rec. 10p	118	+8	R1
...entertainment Rec. 10p	185	+20	
...entertainment Rec. 10p	25	+3	
...entertainment Rec. 10p	13	+2	
...entertainment Rec. 10p	123	+5	
...entertainment Rec. 10p	95	+13	R1,2

Marriott Group Sp.	46	+10	
Reading Leisure Sp.	98	9	0.1
Yan Tech. Sp.	70	-20	0.1
Verifone 100	152	+17	
Orca Gold IRO 02	68	+5	
Whalshing Hldgs Sp.	51	+10	
Theme Holdings	68	+6	1.4
PL Group 100	188	+1	12.4
Isk Group	115	+2	RA

[illegible]

to non-residents on application, if report awaited.

fully UK listed; dealings permitted under the UK Stock Exchange and Companies Act 1965; registered in the Register of Companies as listed securities, under Rule 535(3).

time of suspension.

dividend after pending scrip and/or previous dividend or foregone.

or reorganisation in progress.

variable.

series; reduced final and/or reduced interim dividend; cover on earnings updated.

provision for conversion of shares not now raised.

[illegible]

2. Dividend and yield include a special dividend payment. A Net dividend is a dividend paid or deferred. C Company's dividend and yield based on prospectus for 1986-87. G Assumed dividend and yield based on prospectus for 1986-87. H Dividend and yield based on prospectus for 1986. K Dividend and yield based on prospectus for 1987. L Dividend and yield based on prospectus for 1987. M Dividend and yield based on prospectus for 1987. N Dividend and yield based on prospectus for 1987. O Dividend and yield based on prospectus for 1987. P Figures based on prospectus for 1987. Q Figures based on prospectus for 1987. R Figures based on prospectus for 1987. S Figures based on prospectus for 1987. T Figures based on prospectus for 1987. U Figures based on prospectus for 1987. V Figures based on prospectus for 1987. W Figures based on prospectus for 1987. X Figures based on prospectus for 1987. Y Figures based on prospectus for 1987. Z Figures based on prospectus for 1987.

93	+5	Fls. 13% 97/02
738	+8	Armaments
108	+5	CPI Midx
511	+4	Carrot Indx
943	-10	Dublin Gas
		Hall (R. & H.)
		Melton Midx

IRISH	Irish Roper
1988	Norfolk
7	Undare

TRADITIONAL OPT

3-month call rates

#	
48	NEI
19	Nat West Bk
62	P & O Dtd
50	Plessey
17	Poly Peck

36	Racial Effect
32	RHM
32	Rank Org Ord
52	Reed Index
50	STC
30	Sears
30	TI
50	TSB
28	Tesco
32	Thorn EM1
25	Trust Houses
45	T&N
40	Unilever
45	Vickers
40	Wellcome

35	Property
22	Brit Land
289	Lane Securities
50	MEPC
125	Peachy
95	Oil
38	Brit Petroleum
57	Brill
125	Burmah Oil
32	Charterhall
45	Premier
32	Shell
45	Tricetrol

_____	35	Waring's.....
_____	75	Adams.....
_____	22	Cost Gold.....
_____	45	Loorio.....
_____	55	Rio T Zinc.....

Section of Options traded in given
London Stock Exchange Report P

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 17

[illegible]

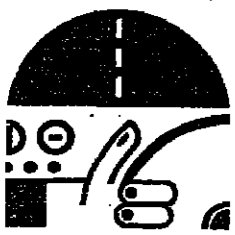
Nasdaq national market 2.30pm prices

[illegible][illegible]

And ask Intercontinental S.r.L. for details.

Continued on Page 45

SECTION III FINANCIAL TIMES SURVEY



The industry's global market, with the US as its focus, creates vital factors affecting the fortunes of

European manufacturers. Japan's development of factory production abroad is affecting this balance further. **Kenneth Gooding**, Motor Industry Correspondent, reports

Key held by US market

TO BORROW FROM one of Winston Churchill's wartime speeches: hardly ever in the history of the motor industry has so much depended on so few. The 'few', in this case, are the top management at General Motors, the world's largest automotive group.

GM has been floundering badly in the US, the one market in the world where the car makers have been able to make a profit in the 1980s. Its car sales in the first half of this year dropped by 541,000 units and it gave up 6 points of market share.

The global nature of the industry today means that GM's future health - whether the decline continues or whether the group moves strongly back to dominate the US market - will affect every single other car manufacturer and every major market in the world since they can gain or lose market share.

This issue will increasingly overshadow other key changes taking place to the industry, changes brought about by the continuing restructuring process and the gradual spread of strategic alliances between the major groups.

Take, for example, GM's recent unwillingness to accept continuing losses in Western Europe because of the erosion

in its profitable North American base where it puts the Buick, Cadillac, Chevrolet, Oldsmobile and Pontiac badges on its cars. This already has had a profound impact on the European motor industry.

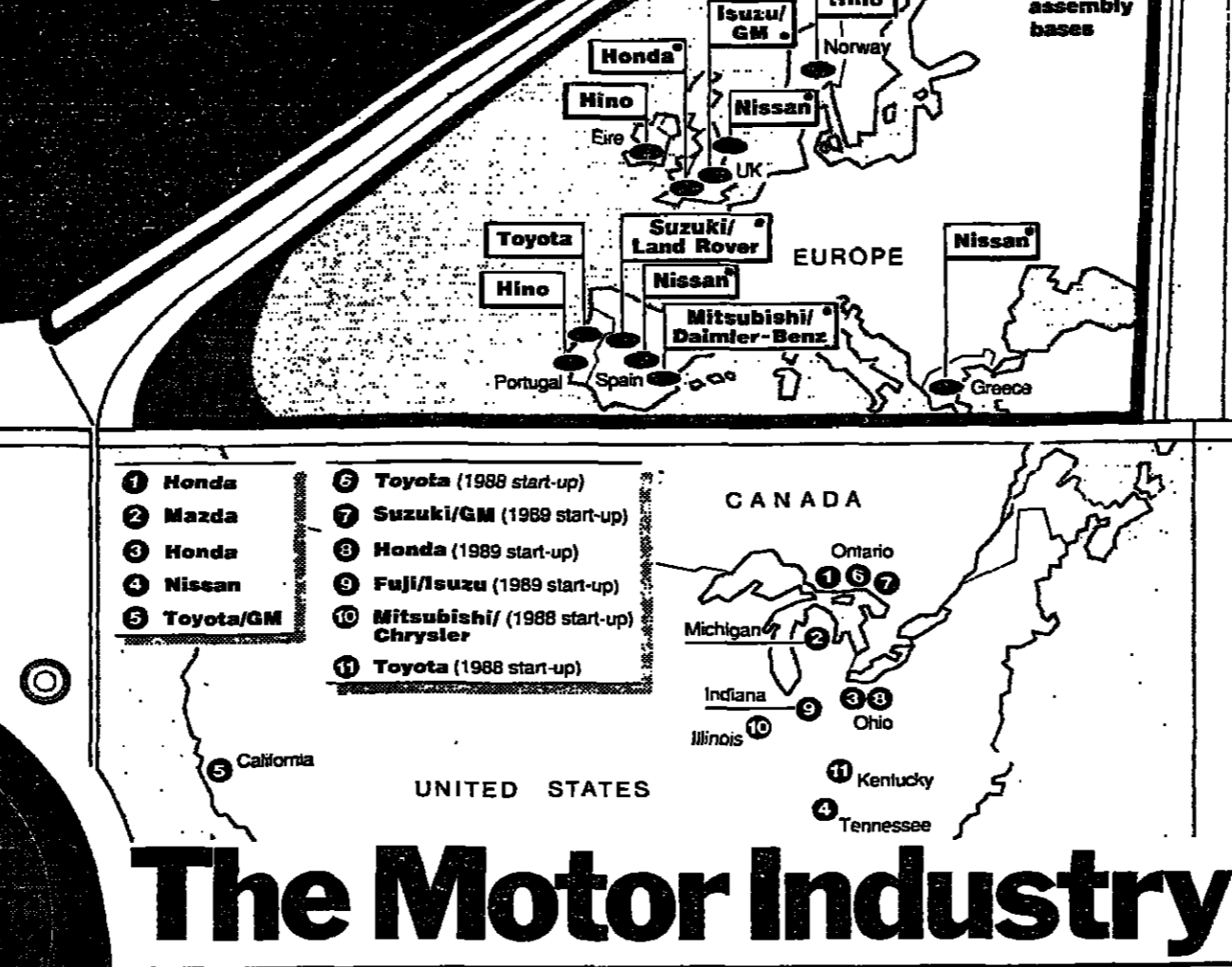
Throughout the early 1980s, GM was locked in battle in Europe with its arch-rival Ford, the world's second-largest automotive company. European companies could not ignore the price warfare which ensued. They had to fight back, using similar aggressive marketing tactics to maintain a viable level of sales.

The warfare died away last year. GM's European market share, which increased from about 8 per cent in 1980 to 11.5 per cent six years later, has dropped back by half a point this year. But Mr Robert Stemple, the company's president, says GM will be profitable in Europe this year after chalking up losses totalling about \$1bn since 1984.

It is no coincidence that 1986, when GM stopped chasing volume and concentrated more on profit, was the first year in a decade that the European volume car companies made a combined net profit of about \$1.2bn.

Of course, the Europeans' efforts to improve efficiency by

Japan's drive into the West



rationalisation against the background of expanding and record European car demand, helped - and continues to do so this year.

The Japanese producers also have a great deal riding on GM's future recovery or decline. They have come to the end of an era where they were able to earn vast profits by exporting more than 1m cars a year to the US and at the same time take advantage of a greatly undervalued Japanese currency.

Not only is the Yen now more fairly valued compared with the dollar, but the Japanese face a time of falling exports. Production from their factories 'transplanted' to the States will build up at a fast pace from now on.

In 1984 the Japanese (in fact Honda alone) assembled 130,000 cars in the US. The total will rise to 1.85m in 1990 and 2m the following year as a state of factory 'transplants' come into production.

The US will certainly not be able to absorb all this extra capacity in such a short time - car production in the States has

been about 8m a year - but the severity of the problems of excess capacity will depend on GM. If GM's domestic market share continues to decline it will need to close down more assembly plants than currently planned and thus give up capacity to the Japanese transplants.

On the other hand, a GM recovery could lead to cuts in car production capacity in Japan. So far the Japanese industry has struggled through in the face of a steeply appreciating currency and rapidly declining profits without shutting plants.

To compensate for the currency problems and the fact that protectionism is stopping any increase in sales volume in many major markets, the Japanese have clearly signalled their intention to move up-market where profit margins are bigger. They have been setting up in the US separate distribution channels for their luxury cars: Acura by Honda, Infiniti by Nissan and Lexus by Toyota.

But if GM's Oldsmobile, Buick and Cadillac divisions recover lost ground there will be less

room for the Japanese in the up-market car sector. There will also be adverse implications for the European producers which have staked out a large area of the sector for themselves in the States.

The excess capacity in the US created by the transplants will be only a temporary phenomenon. Old and inefficient plants will be purged from the system. But the painful social effects will undoubtedly cause problems - perhaps another intensification of protectionism in the States.

There is also the distinct possibility that the US will suffer the same sort of turmoil Europe endured during the early 1980s as the European industry attempted to deal with the effects of excess car production capacity.

Price-cutting, low margins and huge losses were commonplace during those years and the volume of exports will depend to some extent on demand in the US.

Honda has already pointed the way ahead. It is committed

to export 70,000 cars a year from the States by 1991, of which 50,000 will go to Japan and the rest to unspecified markets.

There is little doubt that Europe will be the target for the surplus 20,000 that Honda has been deliberately conservative about when talking of the numbers involved.

Honda also says it aims to increase the US content of its cars from 60 per cent at present to 75 per cent. So the vehicles would be American, not Japanese, and easily avoid the protectionist measures which have held back the advance of Japanese car imports to many of Europe's main markets.

The Europeans are unlikely to put up obstacles to North American cars because the US is the most important export market for many of them, not only because of the volumes involved but also because of the high value of the vehicles exported.

The European makers have been struggling to reach some sort of consensus about how they can retain their existing protection against the Japanese as the European Community moves towards harmonisation in the early 1990s. The present measures differ enormously from one country to another: Italy imports only 7,500 Japanese cars a year but the Japanese can take about 11 per cent of the UK car market, and so on.

The European industry argues - but so far the Commission has not formally accepted the argument - that the Japanese manufacturers should be held in check by an agreement which limits the total Japanese penetration of Community markets to nearly 10 per cent last year - at about the present level until the Japanese open up their own market to more car imports.

Proof that the Japanese had dismantled some of the remaining non-tariff barriers, say the Europeans, would be for car imports to Japan to increase to 5 per cent of the market compared with just over 2 per cent last year.

The Europeans might have set the target too low if their purpose was to create a perpetual barrier against Japanese imports to Europe. Even a trickle of 'captive' imports from the US transplanted factories to Japan

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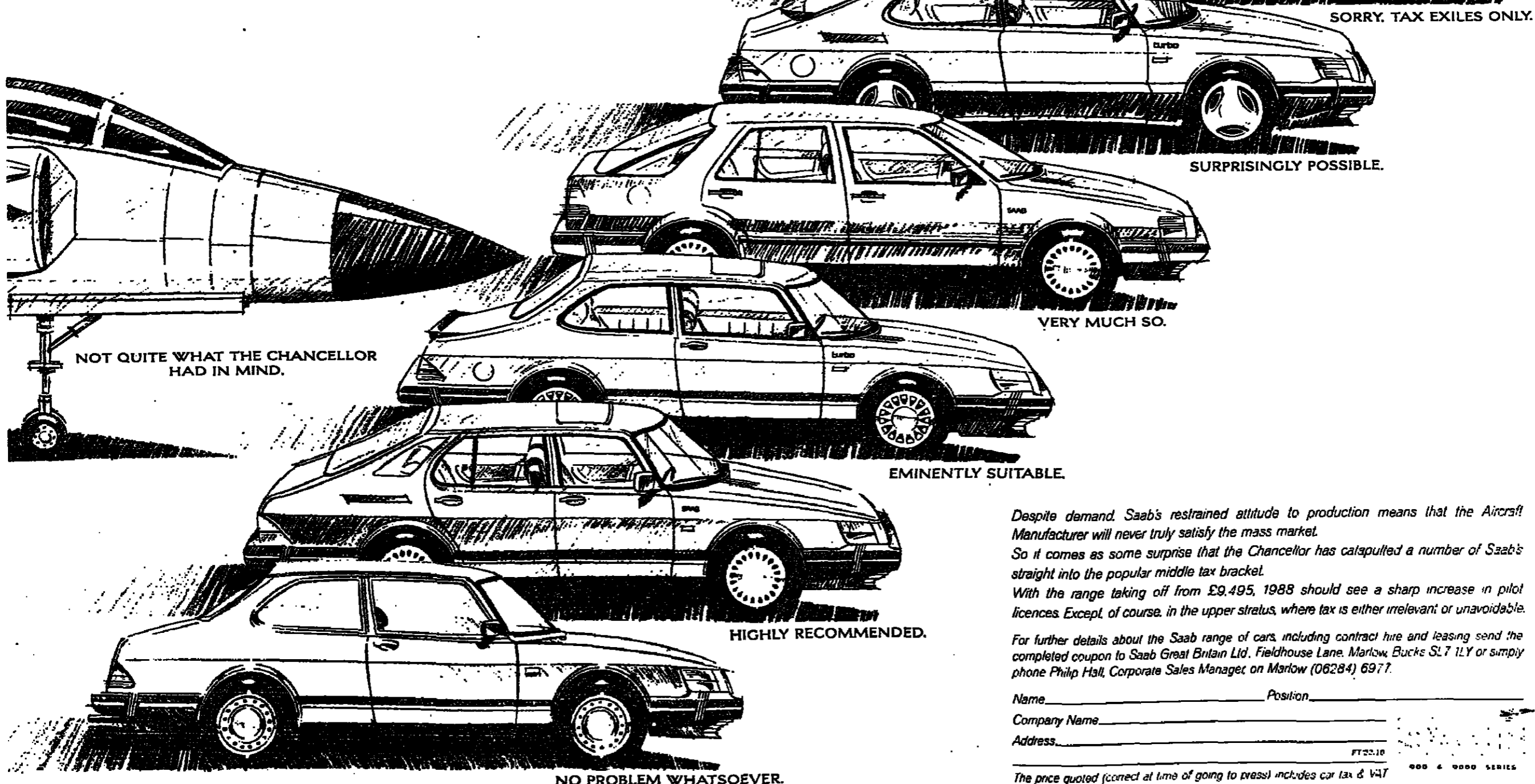
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Clean-cut, sleek looks add significantly to its slipperiness, evidenced by a drag coefficient of just 0.34. An impressive figure when you consider the priority Mercedes-Benz put on the practical nature of an estate car. Other innovative technical achievements are equally significant.

Under the bonnet of the 300TE lies a powerful engine featuring microprocessor controlled ignition and electro/mechanical fuel injection. The single overhead cam, straight six delivers 188 bhp from its 3 litres and the four-speed automatic box has both sport and economy settings.

The performance, as a result of all this meticulous technical nurturing, is remarkable. Without any undue stress, to either engine or driver, the 300TE can gracefully exceed 130 mph. Should you wish to pass 60 mph in the shortest possible time it will take less than 9 seconds (manufacturer's figures).

The much sought after 200T and 230TE share the same aerodynamic good looks but have very efficient 2 litre and 2.3 litre, four cylinder engines, respectively. The 250TD has an even more economical 2.5 litre, five cylinder, diesel engine. To prove the point, official figures for the 250TD, 5-speed manual are 29.7 mpg in the simulated urban cycle, 48.7 mpg at a constant 56 mph and 36.2 mpg at a constant 75 mph. Yet the diesel is capable of over 100 mph (manufacturer's figure).

As you'd expect from a Mercedes-Benz the roadholding is very sure-footed. On all T-series the multi-link rear suspension system incorporates a self-levelling device, so irrespective of the load carried and the road surface, they retain their composure.

The wide-opening tailgate glides up and down on two gas-filled struts. It even has its own electric motor to pull it firmly shut. The exceptional load space has a flat floor, is clear of any obstructions and can be progressively enlarged to accommodate bigger loads.

Not only is there plenty of room for unusually long and awkward shapes but plenty of ways to fit them in. The rear seat can be divided and the front passenger seat folds back to give five different load space combinations.

Besides loads of room there are loads of seats. An optional, rear-facing, retractable row of seats suitable for two children, increases to seven the number of people a T-series can carry in comfort.

"Performance Car," who recently tested a 300TE against its two main competitors, called it "Superbly engineered and executed with a degree of attention to detail that neither of the others can match."

All this adds up to the T-series being not just a practical car but a desirable object, to boot.



Engineered like no other car in the world.

MOTOR INDUSTRY 3

Vital decisions being taken elsewhere will affect events in the UK, says Kenneth Goodling

International strains dampen optimism

OPTIMISM ABOUNDS in the UK motor industry today. Car sales are almost certain to reach record levels for the second successive year.

Price-cutting has abated. Profitability is improving or losses being reduced. Car production is rising strongly and the UK motor industry balance-of-payments deficit has stopped getting worse - the first time this has happened since 1981.

Examine the elements more closely, however, and the picture is not as rosy as it might seem at first sight.

In particular, many of the vital decisions which will have a profound influence on the UK industry in the future will be taken increasingly outside Britain - in the headquarters of Ford and General Motors in the US and Nissan and Honda in Japan.

But there is no denying the feeling of buoyancy widespread in the industry. That springs mainly from the way in which demand has defied gravity. New car registrations reached a record 1.88m last year and under normal circumstances should have fallen back slightly in 1987.

Instead registrations are likely to reach new peaks, perhaps 1.95m, according to forecasts by both the Economist Intelligence Unit and the Society of Motor Manufacturers and Traders.

Sales have been stimulated by the re-election of Mrs Thatcher's government, relatively low interest rates and the strongly rising incomes of those in work.

The record sales have also been accompanied by a drop in the importers' share of the market for the first time since the 1950s.

Last year imports accounted for 56 per cent of total registra-

tions compared with 58 per cent in 1985. By the end of September, the importers' share had fallen to 51.6 per cent this year against 56.6 per cent in the first nine months of 1986.

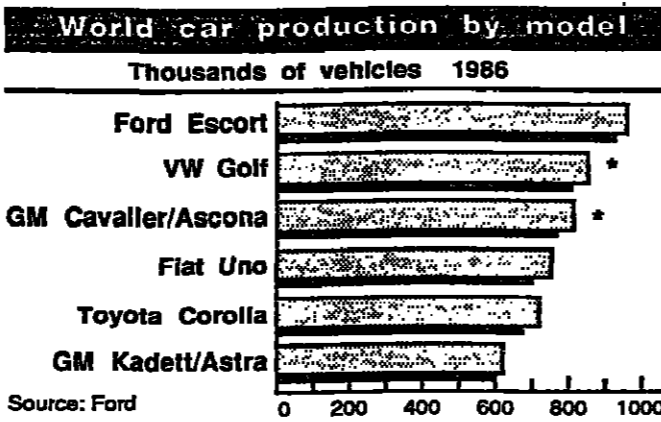
The improvement has been due almost entirely to the fact that the two major importers, General Motors (the Vauxhall-Opel group) and Ford, have been pushing hard to provide more of the cars they sell in the UK from their British factories rather than import them from the Continent.

Both companies have been under pressure for some time from the UK Government to make this switch and for the past 18 months it has made economic good sense as well. The steep rise in the value of the West German D-mark against the pound - about 25 per cent in 1986 - has made imports from the Ford and GM car plants in Germany and their satellites in Belgium very expensive.

Consequently, Ford expects to produce 72 per cent of the cars it will sell in the UK this year in Britain compared with 64 per cent last year and only 56 per cent in 1985. GM-Vauxhall increased the UK content of its sales from 60 per cent to 66.2 per cent and hopes to push that to more than 60 per cent this year.

Mr John Bagshaw, Vauxhall's chairman, says that every penny the D-mark rises against the pound costs his company £1m in lost revenue and the currency problem is mainly responsible for Vauxhall's massive £61.7m loss for 1986.

This year Vauxhall has concentrated on cutting losses rather than holding on to market share - one of the factors which have helped reduce the price-cutting and other extraordinary measures which featured prominently in the UK car market



until well into 1986.

While this has contributed greatly to the improved financial health of the UK industry, it also means that customers are paying much more for their cars this year than in 1986. Prices have been going up much faster than the rate of inflation, particularly for German and Japanese cars - the Japanese have also had to cope with a strong increase in the value of their currency against the pound.

The major increases in the

cost of German and Japanese car imports - between them those two countries account for about 20 per cent of total UK car sales - will put further strain on Britain's trade balance.

Last year, as the D-mark and yen rose rapidly in value and before the UK exporters began to take some advantage of the fall in the pound, the trade deficit in motor industry products worsened by more than £1bn or 41 per cent compared with 1985.

to reach a record £3.9bn.

Cars alone accounted for £3.88bn of the overall deficit.

There was slightly better news in the first quarter this year when the deficit fell from £795m to £689m but the Society of Motor Manufacturers and Traders, which compiles the statistics from Customs and Excise figures, says it is too early to judge if the steady decline in the automotive trade balance since 1981 has levelled off or been reversed.

What can be said with certainty, however, is that the decline in car production in the UK, which took output down from 1.9m in 1972 to under 886,000 in 1982, has been emphatically reversed.

Production exceeded 1m last year and so far in 1987 has been running at the rate of 1.2m. Mr Sam Toy, former Ford of Britain chairman and immediate past president of the Society of Motor Manufacturers and Traders, reckons an annual output of 1.5m cars is "on the horizon."

He would also expect that total to include 300,000 cars for export compared with 201,400 last year.

Mr Toy bases his forecast on the tentative plans which most UK-based companies have recently outlined. Ford, for exam-

ple, which assembled 330,000 cars in Britain last year, expects to reach 450,000 in 1988-89 and it would then resolve production bottlenecks to provide room for 100,000 more.

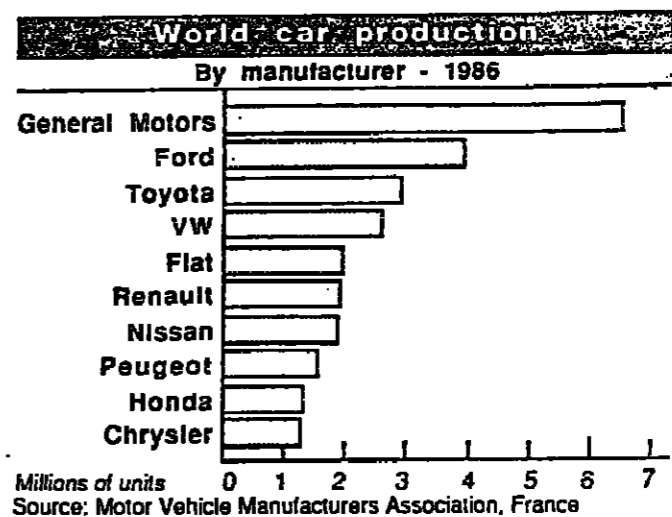
Vauxhall's aim is to increase UK assembly from 230,000 to 300,000. Nissan, a newcomer to car production in Britain, is gradually building up production to reach 100,000 cars a year by 1991 at its Washington, Tyne and Wear, factory.

On a smaller scale, Jaguar would be very disappointed if its annual production, spurred by the introduction of the new XJ6 saloon, does not climb from 41,500 in 1986 to 65,000 by 1990.

There could also be spectacular growth from some small companies such as Lotus, Aston Martin Lagonda and Panther who all want to increase output from a few hundred cars annually to a few thousand.

If the potential is added up, an extra 378,000 cars a year will be produced by the early 1990s on top of the 1.018m which rolled off UK assembly lines in 1986.

However, some important assumptions were built into those forecasts: Ford's was made on the assumption that the company keeps its 28 per cent market



share and can export at least 50,000 cars a year. Vauxhall's depends on the success of its programme to reduce costs by 25 per cent over the next three years and there being no significant shift in the D-mark/pound relationship, and so on.

The main question mark over UK production is provided by Austin Rover, which makes more cars in Britain than any other company. Last year Austin Rover produced 410,000 cars and hopes to do a little better this year with the help of an improved export performance.

Output will be underpinned increasingly in future by the contract Austin Rover has with Honda to build cars for the Japanese group's dealers in Western Europe.

But Austin Rover's new chairman, Mr Graham Day, is not foolish enough to make forecasts about things as fundamental as production when his company's performance in its home market can so easily be affected by political debate about its future.

That debate is likely to flare again in the middle of 1988 when Mr Day presents his proposals for returning the parent Rover group which also includes the Land Rover company - to the private sector.

Mr Day is well aware that in his hands he has the fate of the last substantial UK-owned car maker. The future of the UK motor industry as well as that of Rover rests on his deliberations and the British Government's subsequent actions.

France

Sales boost recovery by big groups

THE FRENCH car industry has rebounded into good health again during the last 12 months. New car sales have been buoyed by tax cuts and strong consumer demand. The industry now estimates that new registrations for the year will exceed the 2m mark.

The country's two major car producers, the private Peugeot-Citroen group and state-owned Renault, have also staged strong recoveries. Peugeot, after years of heavy losses and restructuring, reported higher than expected profits of FF3.6bn last year and is expected by several financial analysts to see profits surge to about FF5.6bn this year.

Renault, which has accumulated FF2.7bn of losses during the last three years, is also now operating again in the black and is expected to report net income of FF1.8bn or more this year, although the company continues to be burdened by a huge debt totalling more than FF10bn.

The recovery of the country's two big car groups reflects their intense and radical efforts to restructure operations around their core European car businesses. The restructurings have involved extensive lay-offs and asset shedding as well as industrial rationalisations.

Renault, for example, finally decided this year to abandon its costly and disappointing American investment by selling its controlling stake in AMC to Chrysler.

But the recovery has also been spearheaded by a range of successful models which have sustained demand both on the domestic market and abroad. The Peugeot group continues to reap the fruits of the success of the Peugeot 205 supermini models and the Citroen BX. But the extensions of its Peugeot and Citroen ranges with the new Peugeot 405 and the small Citroen AX have also helped sustain sales.

At Renault, the R-21 has proved a success in the medium-sized car range while the R-25 at the top end of the range and the Super 5 at the lower end have continued to contribute to the state group's recovery.

Moreover, the domestic market was recently given a major boost following the French government's decision to reduce Value Added Tax on cars and motorcycles from one of the highest levels in the European Community of 33.3 per cent to 28 per cent. The welcomed VAT cut led to a 4 per cent decline in domestic car prices.

With the recent VAT tax cut, the French car market is now expected to exceed 2m new registrations this year from 1.9m last year and 1.77m the year before. Indeed, the French car industry expects the VAT cut to boost sales by up to 10 per cent over earlier estimates, or about 60,000 additional cars.

The French car industry had campaigned for years against the high VAT rate, claiming that it badly handicapped domestic sales. The move has also been seen as a first step towards aligning France's VAT on cars with the rate in other European

countries in preparation for the advent of the European unified market in 1992.

But perhaps the most dramatic sign of change in the French car industry has been the Government's decision to end Renault's privileged status as a national enterprise. This has protected the company up to now from bankruptcy since a *regie* is a state-owned corporation which is not subject to the ordinary constraints of company law. In practice, it has enabled Renault to count on a blank cheque from the state to cover its past losses and accumulated debts.

With Renault's return to profit, the Government decided that the time had come to turn Renault into an ordinary company, although still under state control since Renault at present is not included in the Government's ambitious privatisation programme. But before changing Renault's status, the Government must first take the controversial decision to restore the state car group's balance sheet currently showing FF9bn negative net worth.

This will involve a major recapitalisation of the state group with an injection of state funds totalling about FF10bn on top of the FF10.9bn the company has received from the Government in capital endowment grants since 1983. The proposed Renault balance sheet restructuring has caused increasing concern at Peugeot, the state car group's private rival, which fears that the Government's plans could distort competition in the domestic car market.

Mr Jacques Calvet, chairman of Peugeot and main architect of the private group's recovery, has gone so far as to warn that he would consider resigning if he believed that the Renault financial restructuring would severely undermine competition and his group.

What worries Peugeot is not only the large injection of French capital but the fact that Renault would also benefit from huge loss carry-back advantages worth about FF2.7bn on Renault's future profits once the state group is converted into an ordinary state enterprise.

Peugeot's strong opposition to the Renault plan has presented the Government with a big dilemma. Should Mr Calvet carry out his threat to resign, it would not only provoke considerable embarrassment for the Government but also pose a new industrial headache for the Right-wing administration in an election year.

The Government is therefore attempting to devise a solution which would resolve Renault's balance sheet problems and enable the state group to change its status as a national *regie* in the coming months at the same time as appeasing Mr Calvet's and Peugeot's worries.

The manner in which it handles this sensitive and highly-controversial issue constitutes one of the biggest industrial policy challenges to date for the Chirac government. The outcome is bound to have far-reaching repercussions for the French car industry as a whole.

Paul Betts

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MOTOR INDUSTRY 6

Japan's exports have been hit hard by the continuing strength of the yen

Battle turns to the home market

TOYOTA, Japan's largest car-maker, announced this month that it was sending 300 head of office staff out on secondment to its dealers in Tokyo. It was a sign of how much importance Toyota - and its Japanese competitors - now attaches to the home market.

After years of expansion, Japanese vehicle exports have been hit hard by the continuing strength of the yen, forcing companies back into redoubting their efforts in Japan. Fortunately, they have some support from the Government's efforts to stimulate the economy in the past year. Consumer spending is rising strongly. Passenger vehicle sales are likely to be 3 to 3.5 per cent higher in 1987 than last year. In the first eight months of the year, sales were 3.4 per cent up on 1986, at 1,924 million vehicles including minicars.

However, as they adjust to a decline in export sales, the leading companies are having to publish some embarrassing financial results. Toyota in September revealed a 22 per cent fall in consolidated net profits for the year to June, while Nissan's result for the year to March was 26 per cent down.

Both these companies have huge resources but increased domestic competition could have serious effects on other manufacturers and their suppliers. Mr Geoffrey Wilkinson, Tokyo motor industry analyst at Salomon Brothers, the US investment broker, says: "In the long term there cannot be room in this country for nine car manufacturers."

The smallest of these, Isuzu, last year produced 555,000 passenger and commercial vehicles against Toyota's 3.44m. However, the outlook for the industry is not altogether gloomy. The Japanese market's fabled appetite for technical features continues to give the manufacturers opportunities to launch new or revamped models.

The latest marketing success is four-wheel-drive which is fitted to one in ten new cars in Japan, even though most of these vehicles will hardly ever leave a tarred road. Computerised navigation equipment is one of the next innovations on manufacturers' lists.

Moreover, the Japanese market is continuing to polarise - with sales growing most strongly for luxury cars on the one hand and on the other for mini-

vehicles with engine capacities of up to 550 cc.

This is opening up successive marketing opportunities to those companies which are able to respond fastest to often short-lived changes in demand, especially among young drivers.

Foreign companies, helped by pressure from their governments for Japan to open up its consumer markets, have seen unprecedented growth, particularly in sales of luxury cars.

Honda, the number three car maker, is the outstanding example of a group which has successfully attracted young buyers. Of the two larger manufacturers, Nissan in particular has been under great pressure. Toyota may have a sales problem in Tokyo - a trend-setting market where Honda is particularly strong - but elsewhere in Japan it is as powerful as its 31 per cent market share suggests.

Nissan, by contrast, felt obliged earlier this year to beef up its sales network across the country - sending out not 300 staff as Toyota did but 4,000. Motor industry analysts say that the polarisation of the market has hit Nissan hard because its model range is strongest in the middle.

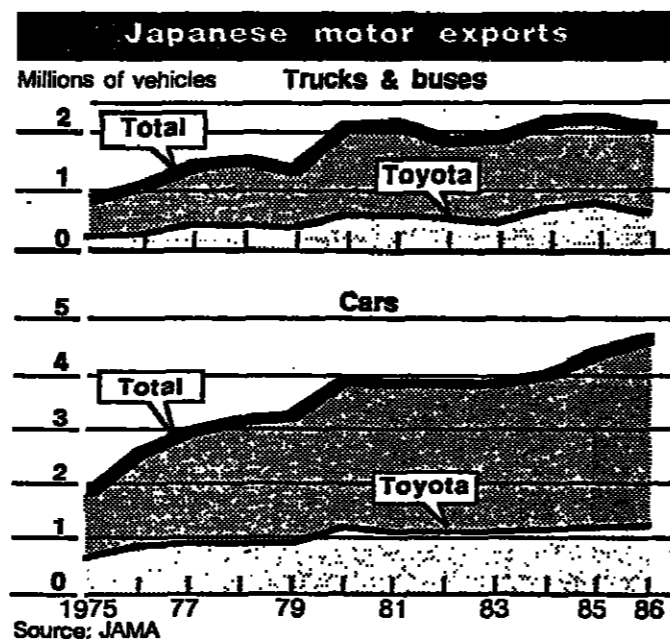
Acknowledging its weaknesses, Nissan has started a programme of rejuvenating its model ranges - this summer launching a new version of its luxury Cedric Gloria saloon.

Smaller manufacturers have benefited from the surge in the 1980s of sales of sub-550cc vehicles, which are often bought as second cars, sometimes by women drivers. Sales of these last year totalled 1.63m, 8 per cent more than in 1986.

But there are signs that mini-vehicle sales are growing more slowly this year. The difficulty for the manufacturers is to find new models without running in to a hopelessly unequal contest with the larger makers.

There are no signs yet that any Japanese manufacturer could soon go out of business. However, some of their suppliers have been under sufficient pressure to have started consolidating.

Traditionally, many component manufacturers have been exclusive suppliers of one or other of the major manufacturers. However, this year Nippon Densetsu, a company in Toyota's orbit, bought a stake in a Nissan supplier. Mr Wilkinson of Salomon Brothers believes other



similar deals could follow.

Nissan says that more drastic measures - such as the closure of a big assembly plant - are out of the question in Japan. "Ford cut its workforce from 180,000 to 104,000. We could not do that here," the company says.

Nevertheless, if the industry is being squeezed when the domestic market is relatively buoyant what will happen if there is a downturn? Toyota recently calculated that a 10 per cent fall in national domestic production would mean the loss of 420,000 jobs in the industry.

It was the realisation of the limits of domestic growth that drove Japanese producers to export in the first place. Now that governments in the US and Western Europe have imposed quotas which have virtually halted growth in exports, overseas sales and profits growth are much harder to achieve.

Overseas production has been the most direct way around the barriers, proving increasingly attractive as the strength of the yen has pushed up relative production costs at home.

In this respect Honda has stolen a march on its rivals. The company is next year starting to build its second North American factory while Toyota is still waiting for the first to be completed. Nissan's plant in Smyrna, Tennessee reached full an-

ual production of 240,000 vehicles only this year.

Honda intends to build 510,000 vehicles a year in the US by 1991 and to export 70,000 of them. Of course, wholly-owned offshore production centres are not the only way in which Japanese manufacturers are internationalising their business. They are also cooperating with other manufacturers.

But there are limits to the degree of expansion which can be achieved in this way. In North America, for example, industry executives are concerned that the number of new plants currently under construction by Japanese makers could lead to over-capacity in the 1990s.

For this reason, Ford last month asked Nissan to cut the planned size of their North American joint venture from 200,000 to 100,000 vehicles a year.

As a result, leading Japanese makers are looking seriously at diversification. Toyota has a successful house-building subsidiary and has invested in telecommunications, taking a stake in IDC, the telecommunications syndicate.

But the contribution of non-vehicle sales to the group as a whole remains negligible.

Stefan Wagstyl

Below the Mazda RX7 - the company wants to move production to the US by 1990. The need of the Big Five Japanese companies to cope with the high yen has put pressure on them to source and assemble in an increasingly flexible way. Alliances with Western manufacturers have a similar object.



Japanese plants abroad

Global production on the way

AS JAPAN'S vehicle manufacturers run out of cost-cutting measures to fend off the high-rising yen, a major rationalisation of the country's far-flung production bases is looming.

With analysts forecasting that the yen could still climb, to less than 120 to the dollar, plans for a global integration of overseas facilities are being accelerated.

For Japan's Big Five producers this could result in a radical change in worldwide sourcing with small cars being built exclusively by affiliates in low-cost countries such as South Korea, Mexico and Taiwan.

Japan would retain responsibility for the production of medium and specialty models - with a substantial inflow of parts from Japan - and the manufacture of large saloons. Exporting models would shift to Japanese plants in the leading market for these vehicles - the US.

This scenario is rapidly gaining acceptance among Japan's producers as the in-built flexibility of sourcing from a worldwide manufacturer base which would also offer a safeguard against the threat of fluctuating exchange rates becomes clear.

The flow of parts would be stepped up between production bases and full export programmes initiated. Already, Honda has revealed plans for the export to Japan of 3,000 US-built Accord Coupe models next year. Shipments will be built up to 70,000 units by 1990 of which 50,000 will go to Japan. Some of the balance is expected to reach Europe.

From summer 1988 Mazda is to begin importing Ford cars to Japan after assembly at Mazda's North American plant. The Hiroshima-based producer is also looking at an exclusive relocation of its production of RX7 sports models to the US by 1990.

Even Mitsubishi, in the run up to production at its joint US facility with Chrysler, has disclosed that it is to study the feasibility of exporting cars to Japan.

A growing price disadvantage in the hotly-contested small car sector is underlined by Honda's recent decision to halt exports of Civic models to the US market. The range was being substantially undercut by the rival Hyundai Excel from South Korea.

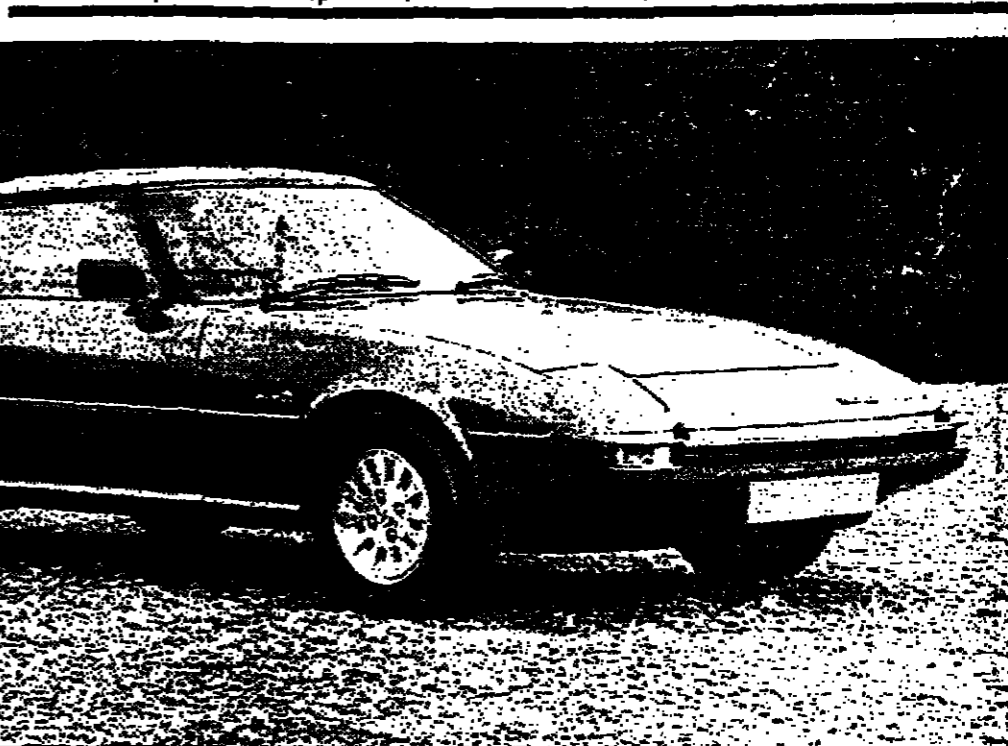
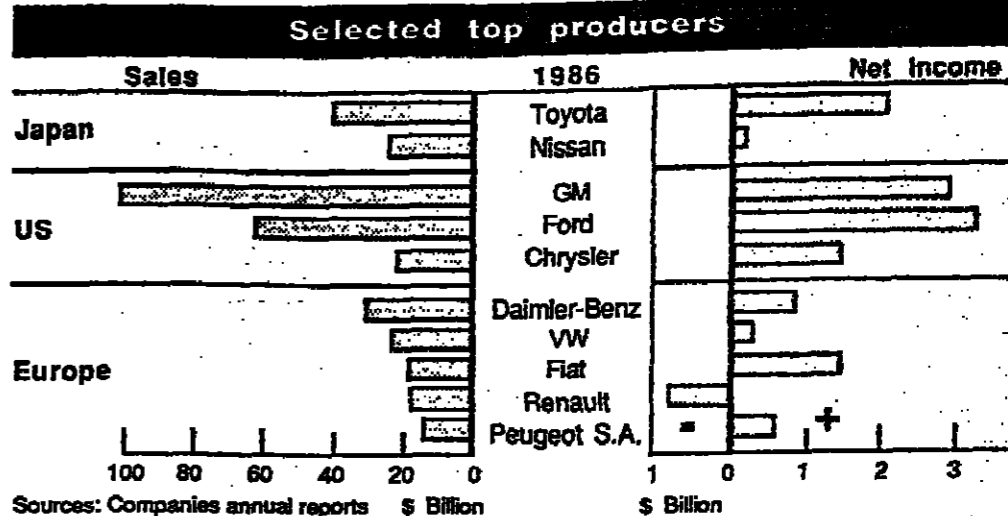
In a switch from confrontation to collaboration, Mitsubishi has now launched a new entry-level Frelco range in the US. Prices have been held down by sourcing the model from its South Korean affiliate, Hyundai.

At the same time, Isuzu is sourcing cut-price Trooper models from Taiwan. Nissan is weighing up the potential for low-cost imports of completed vehicles from Mexico and a glimpse of what is in store for Europe is scheduled by next spring.

Mazda will be unveiling its baby 121 model. Built by Kia in South Korea, it is already on sale in the US badged as Ford's Festiva.

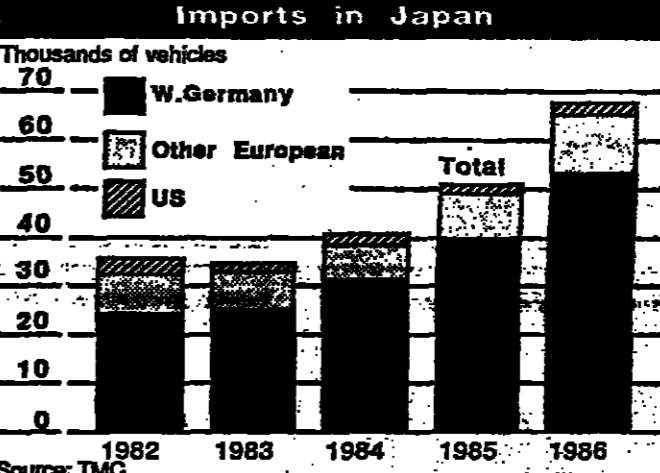
As well as fostering vehicle build arrangements with affiliates in South Korea, Japan's drive to cut costs is leading to a network of component feeder channels in South Korea, Taiwan and Thailand.

Toyota is encouraging 20 of its biggest suppliers to set up new facilities in Taiwan. Nissan is planning to ship thin steel sheets to its Taiwan affiliate.



Japanese plants abroad

Imports in Japan



Yue Loong will then stamp the sheets into body panels and send them back to Tokyo, with an estimated 10 per cent saving in costs.

Nissan also plans to use the body panels from Taiwan at its Mexican production plant.

Attracted by labour rates pegged at only 5 per cent of US levels, big names such as Nippondenso and NKK Spring have already started export operations from Thailand, and Japan is playing a key role in plans to set up a major engine manufacturing plant in the country.

In the rush for economies of scale, multiple alliances are being forged to supplement the one-to-one bridgeheads established with Western vehicle producers over the last decade.

Both Toyota and Nissan now have operating links with Volkswagen and Ford has extended its monogamous relationship with Mazda to include new alliances with Nissan in both Canada and Australia.

Nissan's production outside Japan currently totals 325,000 vehicles a year - 12.5 per cent of its annual output. By the early 1990s it is planned to raise this to 25 per cent.

Toyota is preparing to manufacture 300,000 vehicles overseas by 1990. This would represent 14 per cent of its output last year.

The main thrust of this overseas investment is still heading for the overcrowded US market where, by the end of the decade, Japan could have 20 per cent of its production capacity. With the addition of imported models, this would boost Japan's share of the US car market from 20 to 30 per cent.

Toyota has already broken the 1m car/truck sales barrier in the US. Now both Honda and Nissan are chasing similar goals.

At ¥150 to the dollar, it is calculated that cars can be built in the US as cheaply as in Japan - once the \$800 transport costs are taken into account. So far this year, this has given rise to announcements of additional US-built capacity of more than 300,000 vehicles.

Honda's recent announcement of plans to increase its US capacity by almost 50 per cent highlights the company's ambitions to become the number one exporter in the US auto industry. As well as building a new plant at East Liberty, output of Accord and Civic models at the existing Marysville plant is being stepped up by 40,000 to 360,000 vehicles next year.

An additional \$150m expansion of Honda's engine plant in

vans in an attempt to penetrate controlled markets. Compared with capacity for 2.2m vehicles in the US by 1990, in Europe plans already laid provide for annual production of no more than 350,000 Japanese cars by the end of the decade, though this figure includes only models for distribution in Europe under Japanese badges.

A positive outcome to current investigations into European production by companies such as Toyota, Daihatsu and Subaru could add a further 300,000 units to this figure, raising the total to a potential of almost 600,000 by 1990.

At current import levels, this would increase Japan's penetration of Europe's car market from 11 to 16 per cent.

In the UK, Nissan has brought forward its expansion programme. Planned output of Bluebird models has been raised by 20 per cent to 29,000 units this year.

Engine production gets under way in 1988 and phase two output of 100,000 cars per year has been moved forward to 1990, with the final stage shifting annual output to 240,000 cars.

Honda expects to receive some 7,000 Legends from the Rover Group's Cowley line in 1987. 5,000 will be exported to Europe. Rover is also to build 5,000 Ballade models for the UK market.

With exports to the rest of Europe, this could increase to 10,000 cars per year and when the ARB multi-year car comes into production, the volume of cars assembled by Rover for Honda's European network is expected to climb to 40,000 units.

Ian Robertson

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MCB
Motor Car Book

MOTOR INDUSTRY 9

Stuart Marshall drives some of the wide variety of new and updated models on offer

Emphasis on engine power and top speed

A VISITOR FROM outer space could be forgiven for thinking that European motorists are allowed to drive as fast as they like. In the past year the emphasis in new cars has been on increased engine outputs and still higher top speeds.

Even some of the cheapest new cars - the Citroen AX, for example - are able to exceed 100mph (160kmh) without difficulty, and there is hardly a hot hatchback that cannot manage 120mph (193kmh).

The only roads on which this performance can be exploited legally are the West German autobahns, and then only on the traffic-free stretches, which become harder and harder to find.

One day the high-performance bubble must burst. But for the time being the 130mph-plus executive saloon and the 150mph-plus sports car are alive and selling well - and getting faster all the time.

Of all the new cars launched this year, none is more important for the future destiny of its maker than the Alfa Romeo Type 164. This large front-wheel-driven sports saloon represents Alfa's last chance to get into the profitable executive market with a vehicle that can stand close comparison with cars such as Mercedes and BMW.

It promises to do just that. Brief experience of the three-litre V8 and the 2.4 litre turbo-diesel persuades me that the Type 164 is the best of the quartet of cars produced that shares some basic features and components. The others are the Saab 9000, Fiat Croma and Lancia Thema.

The Audi 90, with two litre or 2.2 litre five-cylinder engines and an option of quattro transmission with permanent four-wheel drive, is an outstanding package marred only by an inadequate boot.

With very low aerodynamic drag, the 90 quattro cruises economically on motorways and makes brisk driving on rain-slicker minor roads safer than might have seemed possible a few years ago. Anti-lock (ABS) brakes are part of the rather costly package but the 90 typifies sensible high-technology motoring at its best.

Bentley, the sports arm of Rolls-Royce, which is deliberately being distanced from its august parent while still making use of the same mechanical components, has an extraordinary car in the Turbo R. Despite its weight of 2.5 tonnes, its standing-start acceleration is

better than that of all but a handful of super sports cars. The size, styling and interior appointments are those of a luxury limousine and it handles creditably, with a maximum speed, achieved in relative silence, of nearly 150mph.

Though Rolls-Royce cars still major on comfort, their handling and roadholding has recently been brought more into line with European rather than American tastes. BMW has been more active than most quality car makers this year with new models including the first V-12 to be made in Germany for half a century. The 750i saloon with its five litre, V-12 engine is arguably the best high-performing luxury saloon in the world at the present time.

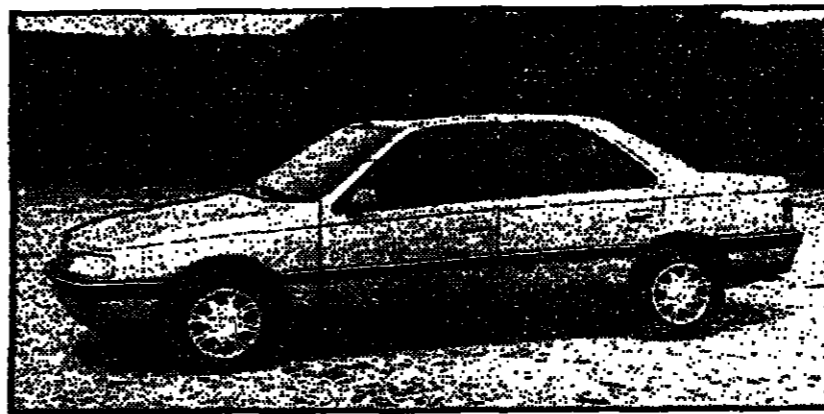
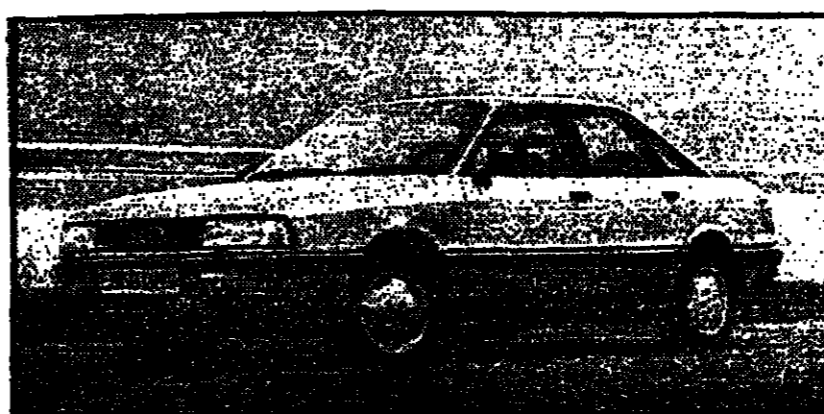
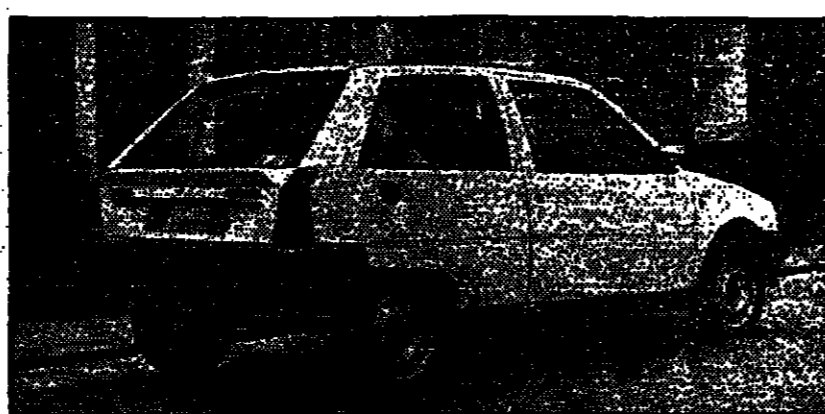
At this rarified level comparisons are more odious than usual but I rate the V-12 BMW's ride comfort and silence in the Jaguar class and superior to that of the Bentley R and Mercedes 600SEL, its closest domestic rival. Will BMW's decision physically - or rather electronically - to limit the 750i's maximum speed to 155mph when it would do over 160mph unrestrained start a trend?

Citroen's AX is the least idiosyncratic car of this marque since the Second World War and none the worse for it. Designed by computers to be made cheaply by robots, the AX is a conventional-looking, cross-engineered, front-wheel driven hatchback in the super-mini class, but roomier inside than its competitors. It rides well and its light weight makes it among the most economical of cars.

Other Citroens of note introduced in the past model year include the BX35 GTI 16-valve, a four-door, 4/5 seater with family car comfort combined with hot hatchback performance. The BX19RD has dominated the UK diesel car market for months at a time this year. It is a remarkable turn-round for a make that was once considered too eccentric to be taken seriously by non-enthusiast drivers.

The appearance of the BMW 750i means that the Jaguar/Daimler monopoly of V-12 engines has been ended. The V-12 version of the new XJ-40 models is still some time away.

In mid-year Ferrari took the curious decision to offer a road-going car with a maximum speed of just over 200mph (320kmh) - for buyers with deep enough pockets. Critics consider that selling this kind of performance at a time when the influence of the Greens is growing



Top: the Citroen AX and, right, Audi Quattro; above left, the Rover 800, and right, Peugeot 405

may provoke an unwelcome response.

Fiat's ageing minicar, the 126, has gained a new twin-cylinder water-cooled engine that may prolong its production life a little. Only in Eastern Europe does a very basic car like the 126 now have much appeal. The Japanese do this kind of thing so much better.

The Uno Selecta with continuously variable transmission (CVT) has been one of the more important introductions. Conceived by Van Doorne, of DAF cars, CVT has had a long gestation period but it works so well that it must extend two-pedal control to the broad base of the market.

The transmission is manufactured by Ford, which offers it in the Fiesta. It provides the convenience and ease of control of a conventional torque converter plus self-changing gearbox automatic transmission with economy to match that of manual transmission.

Ford filled a significant gap in its range early this year by introducing a three-box version of its Sierra medium-size family car - and achieved instant success. Buyers expect small cars to have rear tailgates but in the medium to upper sizes, a boot is often preferred for reasons of appearance, security and ride quietness.

Having been the first high-volume maker to offer ABS anti-lock brakes as standard equipment on the Granada (Scorpio) range, Ford is now extending the safety advantages of anti-lock braking to its smaller cars. Four-wheel drive, currently available on the Granada and Sierra, models raises the safety threshold by making winter driving much simpler.

It has sold well on mainland Europe though in Britain the fuel-injected V8 with full luxury specification appeals to buyers who may never exploit its formidable off-road capability. Mercedes-Benz had been expected to launch its replacement putting on tyre chains.

But the Prisma and Delta have permanently engaged systems, one with a viscous coupling as the centre differential, the other with a mechanical torque-sensing device. They are class rivals for the Audi quattro models.

On snowy roads I found they performed with spirit and great safety. Full-time 4x4 transmission will soon be offered on the Lancia Thema.

Land Rover's massive Range Rover is still the smartest off-road vehicle in which to be seen driving in Paris and Rome as well as Chelsea. The turbo-diesel engine version is a good and reasonably economical motorway cruiser.

Mercedes has managed to squeeze a 2.6 litre six-cylinder engine into the 190 model, with great benefit to its top speed and flexibility and without detriment to its excellent handling. Even diesel car buyers now demand relatively high performance - hence the decision by Mercedes to introduce turbo-charged versions of the 190D 2.3 and 300D at the recent Frankfurt Show.

Nissan, now a British assembler of mainly imported components but soon to be a British manufacturer, has in the Bluebird a car to satisfy sensible demands rather than stimulate

the senses. The British-assembled Bluebird range of saloons, hatchbacks and estates has achieved a reliability record to equal that of the Japanese-made product.

Opel - in Britain Vauxhall - has in the Senator a model to dent Ford's share of the large car market and at the same time be a lower-priced alternative to BMW and Mercedes. This six-cylinder, three litre saloon offers refinement and ride comfort to please the purely business user, with handling and roadholding to gratify drivers with sportier tastes.

The Peugeot 405, already a best seller in mainland Europe since its introduction in May, is now being made in Britain and reaches the UK market in right-hand drive in January. With a range of petrol engines for economy and performance-minded drivers alike - including a 1.9 litre 16-valve unit - the 405 will offer strong competition in the sector now domi-

nated by Ford, Vauxhall and Austin Rover.

The current four-door saloon will be supplemented by an estate car, and optional diesel engines will be available early next year.

Porsche's all-wheel drive, twin turbocharged, six-speed 859 model has more high technology than any other supercar. The 924S is now powered by Porsche's own 2.5 litre four-cylinder instead of the 2-litre engine that was bought in from Audi.

Renault, too, has made its bid for a share of the very high-performance market with a turbo-charged and intercooled version of the high-volume 21 saloon. It has ABS brakes and a high standard of equipment.

Surprisingly quiet and refined on the road, it is very fast - about 135 mph - and shows great reserves of handling and roadholding on the circuit. Renault sees it competing with such cars as the BMW M3 and Mercedes 190E 2.3-16 on both performance and price.

Rover Group's 800 series executive saloons have become well-established in Britain and are beginning to make their mark in mainland Europe, too. Powered by British-made two litre, 16-valve engines on Japanese-made Honda 2.5 litre V-6 units, they combine a classic understated exterior with the sober interior elegance at which Britain traditionally has excelled. A hatchback derivative appears at the Geneva Show next March.

Saab's 9000 is a good example of making an engine all things to all buyers. A four-cylinder two litre unit - it is Saab's only engine - powers each version of the 9000 with eight-valve or 16-valve cylinder heads, plus turbo-charging and intercooling on the more powerful versions.

Volkswagen is also involved with 16-valve engines and its Syncro four-wheel drive system, first seen in the Transporter vehicles, is spreading into the cars. The system multiplies grip and transforms handling safety on snow and ice, but the price premium is considerable.

Volvo has at long last introduced an independent rear suspension for its 760 and 780 models to improve ride comfort. It incorporates self-leveling. But the biggest change for Volvo, seen in the Dutch-produced 460ES coupe, is a move to front-wheel drive. The replacement for the 300 series cars, expected soon, will also have front-wheel drive and a transverse engine.

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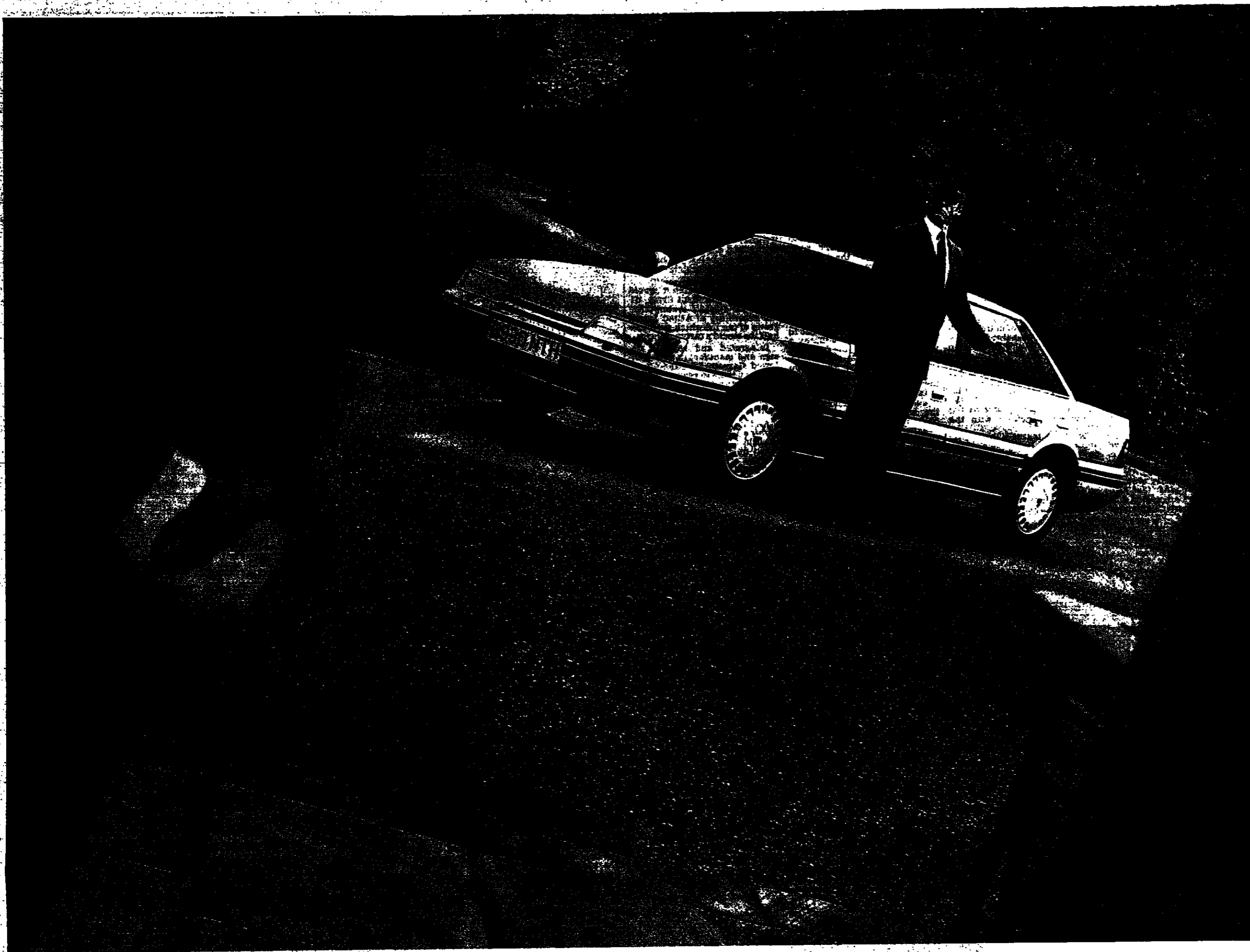
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19/10/01 12:12



IT WAS THE FIRST TIME I'D BEEN THE SUBJECT OF A TAKEOVER BID.

For years and a succession of cars, the MD had been content for me to drive him everywhere. Until this new Rover Sterling rekindled his interest in driving. At first I only knew it from the speedo trip meter but the morning of the Brussels meeting there was no escaping that he'd had the car out the night before. The driver's seat was higher than I like it, the car surveillance computer was on metric, the seat heating button was depressed. This was not carelessness, he's too meticulous.

He was up to something.

I noticed him in the rear vision mirror, settling down in the back. "Very convenient" I said as the seat automatically returned to my set position, "that the door mirror positions are also kept in the memory." The MD pretended he didn't hear. "And just as well." I continued as we pulled away, "that the battery has a timed cut-off to save the battery, isn't it?" That brought a smile.



He pressed his rear seat recline button and passed me a new tape.

Ligeti! I switched all the sound to the rear four speakers and left him to it. I have to hand it to the boss for buying the Rover, it's great to be driving British again. Leather seats and walnut panelling; redolent of fine malt the MD once remarked. But what impresses me more is the handling. The electronically injected 2.5 V6 whispered over the Downs as if they weren't there. I like its firm ride. With speed-variable power steering, it feels more like a coupé than a saloon. And I was never more thankful for ABS than when we got cut up on the motorway approach by some mariac salesman. At which point the MD joined the fray by announcing "You can leave the car at the airport, I'd like to drive home myself tonight."

He'd come clean at last. This tendency had to be scotched. "So you'll be tee-total today, sir? No lunch at Le Cygne, no celebrating the deal? Very wise if you're going to drive, sir."

He paused. "Perhaps I was a little hazy."

"Mineral water isn't quite the same," I suggested. "Quite."

"So I'll drive as usual." "Quite."



MOTOR INDUSTRY 12

Production technology

Close to true automation

AT THE END of September, Austin Rover, the UK State-owned car maker, gave journalists their first look at new manufacturing facilities at the Longbridge plant, near Birmingham.

Within two years, it will start producing the RS (Rover) and YY (Honda) medium car ranges that are being developed jointly with its Japanese partner.

Austin Rover has invested about £500m in its manufacturing technology since the start of the 1980s, and expects to spend at least a similar amount by the early to mid-1990s.

Such sums are not large by the standards of multi-nationals like General Motors or Ford. And since the arrival of Mr Graham Day, the former British Shipbuilders boss, as Rover Group's chairman last year, there has been a much-diminished tendency to make strident claims about the company's vehicles or manufacturing processes always being right at the motor industry's cutting edge.

Yet its director of manufacturing operations, Mr Andy Barr, was able to demonstrate both a number of areas where the UK company has become very much 'state of the art' and just how rapidly computer-integrated manufacturing is changing the shape not just of Austin Rover, but the industry overall.

Mr Barr made clear that Austin Rover is now advancing fairly rapidly towards 'lights out'

manufacturing (all-night production without supervision) of complex components and sub-assemblies, some within a year or so.

The 9m flexible manufacturing facility shown to journalists indicates just how close it is already. The plant is making 800 complex cylinder heads a week (for the Rover 800's M16 engine and a diesel), fully assembled with their valve gear, with just eight operators per shift.

Although this was not spelt out categorically, it is a clear forerunner of much higher volume facilities to produce major components of the future, such as Austin Rover's forthcoming X-series engine to power the Metro replacement and the RS. At least 5,000 such engines are scheduled for production each week starting in spring 1988.

Mr Barr says: "The flexible manufacturing facility has given us the opportunity to see if we could crack the technology for a totally 'lights out' round-the-clock operation, with the staff able to switch the lights off to go home and leave the machines to get on with the work."

"We have learnt a great deal and we believe that we are very close to that." A short distance away, within what Mr Barr himself describes as the company's high technology centre, the company is producing prototype machined components of almost any variety in

25 per cent of the old technology time and at one quarter of its cost. A cylinder head, for example, could be designed on-screen, entered in the company's master database and produced within a few hours inside the technical centre by multi-axis machining equipment working off the common database.

However, this is all complementary to the really key intelligent systems now flowing into the company, Mr Barr says. These comprise the 100-plus graduates a year now being taken on, bringing Austin Rover's total to 700 compared with 130 ten years ago when it had twice as many employees.

"It is essential to raise the intellectual base of the company," he observes, "and we expect to take on 100 more graduates a year for the foreseeable future. What amounts to a manufacturing technology revolution has been sweeping all through the industry. Fiat's 'Fire' (fully-integrated robotised engine) is among the most advanced on the way towards fully 'lights out' engine production, while Japanese manufacturers such as Nissan have been achieving 'lights out' production of major components for some time."

The last big challenge for the industry is how to automate final assembly, with all its problems in the form of fitting trim, seating and so on. The solution, according to most manu-

facturers, lies in assembly of the car in modules with, for example, the inner floor, complete with seats, assembled well away from the production lines and dropped into place on the vehicle as a unit prior to installation of the roof.

The revolution is also spreading, as a matter of necessity, to component suppliers who, vehicle manufacturers agree, have no prospect of surviving in the industry without computerised design and engineering systems capable of being plugged directly into the vehicle makers' own design systems.

That is no more than it should be, suggests Mr Paul Craig, director of Garrett Automotive, the subsidiary of Allied Signal group of the US which produces half the world's turbochargers.

Integrated and flexible design and manufacturing has allowed Garrett, for example, to cut the design to ready-for-manufacture time for a new turbo-charger to a few days, and any modification time to a few hours.

And it has allowed Garrett to adopt a new manufacturing approach: of producing turbos in small numbers to a customer's precise requirements rather than trying to maximise the volume of one standard design over as many applications as possible.

John Griffiths

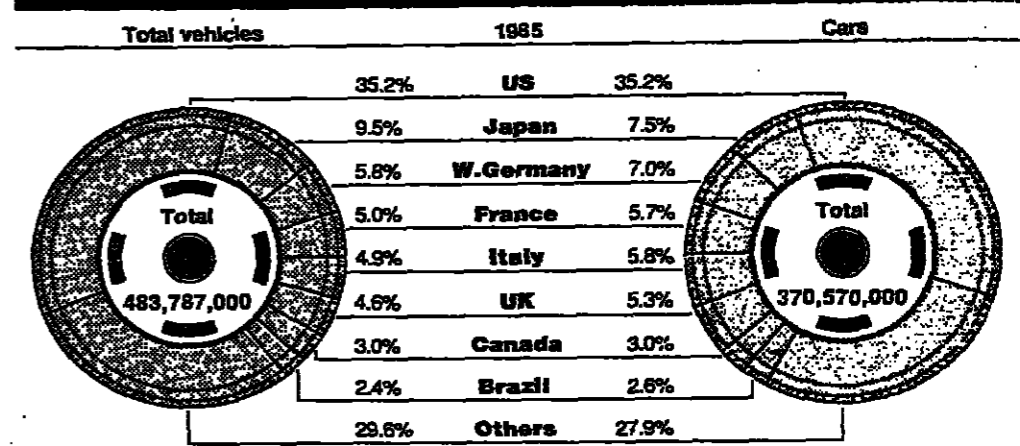


Ford's Etec concept car has a range of 'intelligent systems'

Innovation is bringing more 'intelligence', says John Griffiths

The car that will think

World vehicle use



Source: The Motor Industry of Great Britain, 1986



Mike Westbrook: all will benefit

The intelligent car concept "will revolutionise driving. It's a scientific revolution that we will all see come about, and from which we will all benefit."

The message is being put over by Mr Westbrook and four senior colleagues, on behalf of Ford, in the course of giving the current Faraday lecture series organised by the UK's Institution of Electrical Engineers.

The potential add-on to such of the car of the future is shared virtually throughout the motor industry, and differs from other manufacturers only in the detail.

The intelligent car, it is envisaged, will result from putting together all the individual systems within the vehicle under the control of a central computer "brain".

Electronics, by Ford's estimates, already average between 10 and 15 per cent of the manufacturing cost of a car and the percentage will continue to rise as the intelligent car draws nearer.

Some of the "building blocks" in the process are easily identified:

A pioneering use of in-car electronics was in engine management. Now, most modern cars have an electronic "map" containing thousands of datum points dictating ignition timing, fuel-injection duration and other parameters to achieve maximum operating efficiency.

Subsequently, electronically-controlled automatic four-speed transmissions were introduced by companies such as Mercedes and BMW with driver-selected "sport" or "economy" settings. Although the engine and transmission controls could not be fully integrated, clearly the electronically-controlled power train was coming into sight.

It has been brought closer, albeit indirectly, during the past year by production beginning - after many difficulties - of continuously-variable transmissions. These, operated by pulleys and steel belts and providing a virtually infinite number of ratios, have also arrived in Ford's Fiesta, Fiat's Uno and a Subaru model.

And while they are as yet hy-

draulically-operated, the next step is for them to be electronically controlled. That, says Ford, will bring to reality the fully interactive power train in which engine and transmission continuously "talk" to each other and decide optimum engine revs and gearing for changing conditions and the driver's use of the accelerator. The "sport" and "economy" options would also be incorporated.

The potential add-on to such arrangements are limited only by engineering ingenuity. For example, manufacturers already have exhaust emission-reducing systems in which a sensor measures the composition of exhaust gases and sends the information to the engine management system. Using this information, the "management" modifies ignition timing, fuel injection and other factors to minimise emissions.

The snag here is that the management system is only theorising about what should be done to reduce emissions, based on the exhaust readouts. But if another sensor is placed inside the combustion chamber to feed back what is actually happening when the mixture fires, the management computer can compare both sets of data. Thus it can "learn" what is really happening, and make the best adjustments to suit. In the Faraday lecture, Ford provides some practical illustrations of how this basic learning capability can be applied. For example, using that same acquired knowledge relating to emissions, the engine would be able to recognise that it was being fed very poor-quality fuel, perhaps while being driven outside Europe, and automatically retard the ignition to allow the engine to run without being damaged.

Anti-skid braking systems, "active" suspension and even "active" steering (with the driver's steering wheel linked to a computer, not the wheels) and other innovations are all obvious. These, operated by a central computer "brain," a crucial element, however, is the linkage between central computer and the individual systems requiring control. The task of creating a viable, cost-

effective system to work adequately within the hostile environment of the car presented a major challenge to both motor and electronic industries for almost a decade.

The answer, multiplex wiring, is coming into limited use among some executive car makers such as Jaguar, BMW and Mercedes. But it is widely expected that the "intelligent" car in the fullest sense referred to by Ford will not begin to be come available from even the most advanced manufacturers until the early 1990s.

A multiplex circuit can be compared to an electric ring main, with just one wire along which electronic signals are both sent and received between the central computer and the switches, sensors and control systems to which it is linked. Even without its intelligence-computing advantages, the weight saving compared with a conventional electric wiring loom is virtually worth the development cost for motor manufacturers.

However, the car's intelligence is not expected to be confined to its own internal workings. External factors, such as the car being able to maintain its position on the road at a safe distance from other vehicles or other potentially painful parts of the scenery - by means of sonar or radar - are also likely to feature.

And while the 13 European car manufacturers, EC officials and others involved in a pan-European traffic safety programme named "Prometheus" are understandably a little reticent in advocating it, this could mean a system which overrides the driver's judgment of what represents a safe distance and automatically reduces the engine power or applies the brakes. Finally, those involved with Prometheus, which is intended to halve Europe's 50,000 road deaths a year by the turn of the century, point to multiple shunts on motorways as providing one obvious justification.

Within the Prometheus project traffic guidance systems are being developed which would see their best use made by the intelligent car of the future. Transmitter/receivers within cars and mounted on traffic lights or other features at road junctions (the latter all connected by inductive loops to a central computer) would provide information about where the car is at any time.

The car could identify itself to the system and tell it precisely where it wanted to go. At each junction it would be kept on its route.

The car's system would relay to the driver only essential information, such as when and where to turn, in order to minimise distraction from watching the road.

Although initial costs make it certain that the intelligent car will arrive first from executive and luxury car producers such as Mercedes, which has pursued several major high-tech concerns within West Germany to provide ready access to the technology, General Motors, Volkswagen, Ford and many other volume producers are predicting that most, if not all, of the advanced electronic systems that are currently envisaged will become available to the majority of car buyers well before the end of the century.

John Griffiths



Dyno testing of Ford diesel engines

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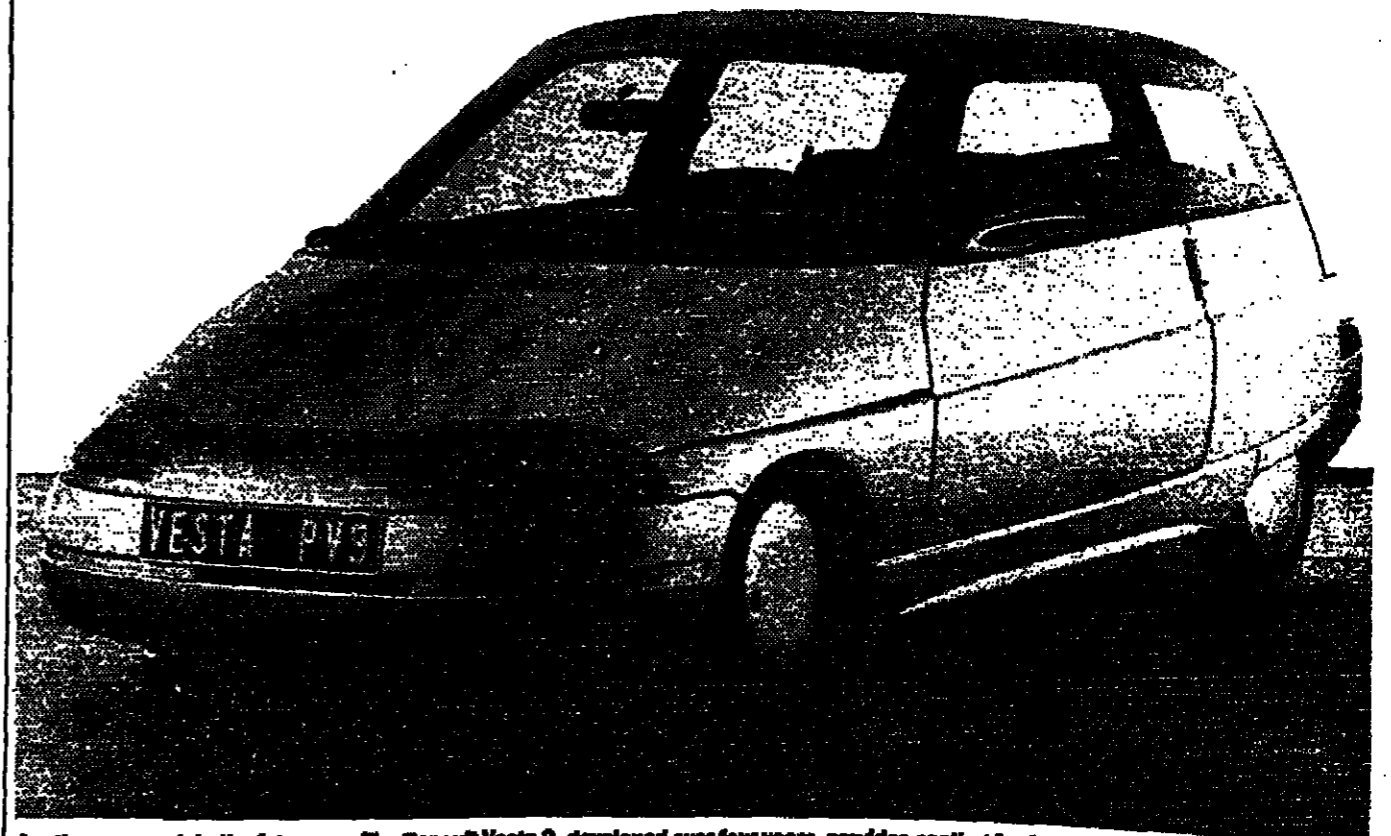
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Another approach to the future car. The Renault Vesta 2, developed over four years, provides seating for four in a lightweight vehicle whose engine is capable of 200mpg petrol consumption. Advanced fuel economy provided by lightweight materials and 'leaner' engines, plus intelligent systems, are likely to be the hallmark of cars in the 1990s.

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The company is based within easy reach of the M3 and M25 motorways and the excellent benefits include a full re-location package in appropriate cases.

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Please reply in confidence giving concise career, salary and personal details to Heather Male House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

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(Some with company car)

Qualified and with experience you will be expected to get involved in the objectives of your user department.

SYSTEMS ACCOUNTANTS
20,000-25,000

You will be recently or part-qualified with experience of computerised accounting systems. You'll be working on intensive evaluation and development within large mainframe environments.

AUDITORS
21,000-25,000

We have regular opportunities for both fully and part-qualified auditors. If you can demonstrate the right potential, we offer the very best training and career prospects.

At Tesco, you will be part of a financial function which believes in leading, not following; showing how accountancy benefits business. Come to us and we will show you our commitment to career progression.

Benefits include re-location assistance, free BUPA, 25 days holiday and, after a qualifying period, profit sharing, staff discount schemes and a contributory share option scheme.

Please write including current salary details to Jackie Lanham, Personnel Officer, Tesco Stores Limited,

Tesco House,
PO Box 18,
Deans Road,
Cheshunt, Waltham
Cross, Herts EN8 9SL

Tesco is an Equal Opportunity Employer

TESCO

"profits before tax up 39%..."

Earnings per share increased by 27%

Operating profit up 45%

Interim dividend increased by 18%

Net margin widens from 4.1% to 5.1%

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call 01-248 8000

Tessa Taylor
ext 3351

Deirdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

WHAT DOES 'INTERNATIONALE BERICHTERSTATTUNG' MEAN TO YOU?

Mannesmann Kienzle, a leading name in integrated information processing and office automation technology, are looking for a Management Accountant, fluent in German, to join the Head Office of their UK subsidiary.

Based in Slough, you will be responsible for the preparation and interpretation of monthly management accounts which are distributed to senior managers in both the UK and West Germany. Reporting to the Head of Finance & Administration, you will also have the opportunity to undertake various ad hoc assignments and will be supported by a team of accounting staff.

Fully qualified and computer literate, you should have a background in the capital goods industry and experience of working to strict deadlines. Proven supervisory skills are also called for but you will, in addition, need a 'hands on' approach. It is anticipated that you will be in at least your late 20's but otherwise age will not be a primary consideration.

A negotiable salary is being offered together with an attractive package of benefits, including a company car.

Please send a full CV to David Ridgway, Head of Personnel and Training, Mannesmann Information Systems Limited, 224 Bath Road, Slough, Berks SL1 4DS.

MANNESMANN
Mannesmann Information Systems Ltd



Foseco Minsep plc

Group Taxation Manager

West Midlands Salary £Neg + Car + Relocation Pkg.

Foseco Minsep is an international speciality chemical group, involved in the research, development, manufacture and marketing of products for the world's construction, engineering, metal melting and mining industries. The Group consists of over one hundred operating companies spread throughout thirty five countries around the world.

Reporting to the Director of Taxation and Treasury, you will be responsible for all UK tax matters and involved in the Group's tax planning strategy including the continuing review of the corporate structure and internal financing position. The scope of the role will expand to include direct involvement in international tax

issues as your knowledge of the Group increases. An outgoing character, you will be willing to apply technical skills in a commercial environment and keen to understand the other disciplines present in the group.

We anticipate you will be a Graduate Chartered Accountant with a minimum of three years' post qualifying experience in tax and aged 28-35. In return you will enjoy a challenging role with outstanding prospects, high financial rewards and a full relocation package where applicable.

For further information please telephone Nigel Wright ACA on 021-643 6255 or write to the Executive Division, Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCIAL SERVICES GROUP

Marketing and Corporate Finance Executives

We are an internationally known name with an established financial services operation.

We are planning a major expansion of our activities in 1988 and wish to appoint an executive with experience of all aspects of corporate finance work. We also wish to appoint a marketing executive who will work closely with the existing team promoting the sales effort.

Terms of employment are attractive and reflect the importance we attach to the expansion of our Financial Services Group.

Write in complete confidence with full details to:

Box A0694, Financial Times,
10 Cannon Street, London EC4P 4BY

FINANCIAL DIRECTOR

SMALL FULLY LISTED PLC BASED IN LONDON WEST END
SEEKS AGGRESSIVE FINANCIAL DIRECTOR

The company has recently been dramatically transformed and returned to profitability within the trading/engineering sector. Future plans are for growth by acquisition. A very exciting opportunity exists for the right person. Ideally an accountant by training and probably aged 30-40 with experience in acquisition and restructuring. An attractive package including share options will be offered.

Reply to Box A.0689, Financial Times, 10, Cannon Street, London EC4P 4BY

Group Finance Manager

... for rapidly expanding public company

£25k+ bonus+car

Windsor

Our client is a well established industrial holding company involved in the manufacture and distribution of a diverse range of well-known, high quality consumer products. The Group has a sound base from which it intends to grow rapidly.

Its recent growth and plans for the future have created this new position to work closely with the Group Finance Director providing financial management across the Group. Key tasks will include:

- acquisition analysis and investigation
- installation of Group systems into new subsidiaries
- provision of management information
- co-ordination of financial reports and budgets
- internal consultancy

You will be a qualified accountant and graduate with additional relevant business experience, looking to develop your career within an interesting, growth orientated Group.

Package for discussion as indicated.

Please send your cv, including salary details to Phil Bainbridge, ref. B.35062.

MSL International (UK) Ltd,
Pilgrim House, 2/6 William Street, Windsor, Berks SL4 0BA.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

AUDITOR

Make a vital contribution
to our success and your career

Moore Paragon UK Limited is part of a major multinational Corporation, manufacturing and marketing business forms in 36 countries and employing over 25,000 people. As a dynamic, continuously developing company, we recognise that our audit function is an important element in ensuring the success and efficiency of our business.

As a result of promotion, we are now seeking a highly motivated and resourceful individual to perform operational audits and management projects. You will present your conclusions through written reports and direct oral presentations to management, discussing their findings and suggesting ways to maximise efficiency.

The position requires travel within the

UK and offers the opportunity of occasional overseas travel.

You will be a qualified accountant with at least three years experience in public accounting or internal auditing.

This is an excellent opportunity to establish yourself with a multinational organisation whilst gaining a wide variety of invaluable experience in our operations.

A remuneration package, including car, will be on a scale appropriate to a company of our standing.

Please write with full details including CV to: Miss J. Ferry,
Personnel Administration Manager,
Moore Paragon UK Limited,
Moore House, 75-79 Southwark Street,
London SE1 0HY.

MOORE
MOORE PARAGON

YOUNG COMMERCIAL ACCOUNTANTS

London £20,000-£25,000+car

Following a major restructuring, our client, a plc, is now actively on the acquisition trail. Their central strategy is to expand their existing interests in a high growth industrial services sector.

They wish to appoint two recently qualified accountants who would initially work with the young executive team with the real prospect of moving into a key role in an acquired company. It is intended that one appointee, probably an ACA, will work with the Group F.D. in researching and negotiating further acquisitions. Previous experience in identifying, assessing and

negotiating acquisitions will be a definite advantage.

The second, possibly an ACMA, will concentrate on the enhancement of computerised financial systems and the development of budgeting and management reporting for both existing and new companies. Both roles will have a high profile in a small, dynamic management team. Energy, confidence and commercial awareness will be essential.

Please reply in confidence, enclosing full career details and quoting reference 4510 to Mike Smith.



Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR

Dynamic - Acquisitive - Hi-Growth - PLC Group Financial Controller

Southern England Salary up to £50,000 + Car + Share Options

Our client is one of the fastest growing public companies in the UK, with interests in manufacturing and distribution. The company has a turnover in excess of £200m and is strongly profitable with considerable funds available for future growth. On-going vigorous expansion through acquisition is planned, while the considerable potential for organic growth continues to be realised.

The position of Group Financial Controller reports to the Group Financial Director whose own role is very strongly business development oriented.

The Controller's responsibilities are those normally associated with such a position; however, considerable emphasis is being placed on the development of financial policy, systems, procedures and controls. Other areas of particular importance are treasury and management information. There will of course be involvement in acquisitions.

Candidates should be qualified accountants, preferably

in the age range 35-45. Experience at both Plc group level and at operating company level is desirable, as is an understanding of manufacturing and distribution companies.

Candidates should also be self-starters, with a high degree of commercial acumen, technical strength and well developed interpersonal skills.

Salary is negotiable and will not present a barrier to the recruitment of an outstanding candidate.

As my client wishes to have sight of all applications, could you please state the names of any companies to whom you would not wish your application to be forwarded.

I would be pleased to hear from candidates who meet my client's demanding requirements. Submit your CV to Wayne Thomas, Executive Director, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor, Berkshire SL4 1BG.



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

FINANCIAL DIRECTOR

South-East England £30,000-£35,000+car

Our client is a well known Group with diversified FMCG business interests and operating throughout the UK.

Recent organisational changes associated with expansion and rationalisation have led to some key new roles being created. A major division now requires a Financial Director to be appointed.

The Finance Director will have dual responsibility as a functional specialist and as a Member of the Board. He or she will be accountable for directing the current financial strategies, policies and systems of the Organisation and developing them where future or prospective business initiatives make this essential. As a Board Member he or she will be required to advise colleagues on the feasibility of ventures under consideration, and participate positively in the direction and management of the Organisation.

Candidates should be F.C.A.'s or E.C.C.A.'s, aged around 40, with good interactive skills and currently either in a Financial Director role, or a Chief Accountant with experience of decision making at Board level. The successful candidate is likely to be on a current salary of not less than £25,000.

Please apply by November 7th, with full C.V. and salary details to:

The Recruitment Consultants
P.O. Box 366
67, De Beauvoir Road, London N1 5AU

Financial Accountant

ESTEE LAUDER continues to be one of the world's leading cosmetic companies. WHITMAN LABORATORIES LIMITED, Petersfield, the UK manufacturing unit supplying products throughout the world, has a vacancy for a qualified accountant (ACCA, ACA, ACMA) with some commercial experience.

The job involves day-to-day control of financial accounting and the preparation of monthly, quarterly and annual reports.

Candidates are likely to have one to two years POE in a FMCG industry. Knowledge of an integrated computer system and the use of PCs would be an advantage. Applicants would also need to be able to demonstrate the ability to communicate with staff at all levels in an international group.

The Company offers a highly competitive salary plus bonus, car and re-location assistance where appropriate, together with fringe benefits.

Please send C.V. to Gabrielle Bulger, Personnel Manager, Whitman Laboratories Ltd., Winchester Road, Petersfield, Hampshire. Telephone: 0730 66522.

Whitman Laboratories

EXPERT IN BANANA TECHNOLOGY AND TRADE

Major banana importers, established since the 1950s in a leading Arab country, planning to establish a procurement division in Central or South America, would employ for a long term an expert in banana technology and trade, capable of organizing and running quality control services, and of providing updated technical advice to growers and packers, and of supervising shipments and connected administrative functions.

The position will be attractively remunerated according to terms to be agreed between the parties.

Essential minimum ten years recent experience in similar position with a well known banana multinational company. Fluency in English is essential.

Candidates must be prepared to live in any major banana growing country, but position would be stable even though frequent travel may be required.

Please apply in confidence, as soon as possible, with full CV. (All applications to be in English).

I.M. White Consultancy, 31 Danbury Vale, Danbury, Chelmsford, Essex. CM3 4LA, England.

ACCOUNTANT

GIO UK Limited is a recently established reinsurance company operating in the London market.

We are seeking a qualified accountant to be responsible to the Managing Director for financial accounting and systems, budget reporting, preparation of annual accounts and periodic returns.

Previous experience in the financial accounting and reporting aspects of company operations is essential. Experience also in systems maintenance and development and the reinsurance industry would be an advantage.

Enquiries, in strict confidence, should be directed to Mr. J. Trimmer, Managing Director. Telephone 01-626 0103.

A past rich in tradition. A future to value.

You will almost certainly know our client, a key player in the dynamic financial services sector. The organisation has an impressive pedigree with a record of innovation and a high quality product profile. It has a prime position in the field of life assurance and pensions with a track record which is the envy of its competitors.

This role has been created to strengthen and help develop the central finance function against a backdrop of significant change and development.

The need is for a high calibre finance professional who would initially take control of a critical area of the function. Key tasks include management of a small team, reviewing systems and providing a proactive service to 'user' departments.

ACCOUNTANT

for market leading financial services organisation

BUCKS
c.23k package

Whilst we ideally seek a qualified accountant, probably 25-35, those candidates with well developed management skills or relevant experience will be considered on their merits, and personal qualities sufficient to make a positive impact throughout the organisation are considered equally important.

Salary package is negotiable as indicated including mortgage subsidy, non-contributory pension, free lunches and a truly prestigious working environment.

This is a first-class career opportunity and will appeal to ambitious, commercially aware accountants.

Please send your c.v. to Phil Bainbridge, ref. B.35060, MSL International (UK) Ltd., Pilgrim House, 2/6 William Street, Windsor SL4 0BA.

MSL International

Challenging development and commercial role Financial Controller

Northern Home Counties c£23,000+Car

Our client is the £5 million turnover industrial division of an expanding multi-million pound turnover group. They are a niche company involved in electronics and computer graphic displays.

The company has recently identified the need for an experienced Financial Controller. Reporting to the Division's Managing Director you will be responsible through a staff of 8 for:-

- * All financial matters affecting company performance
- * Developing computerised systems - particularly for contract and design costing

* Commercial and business advice to the Managing Director and Operating Managers.

The successful candidate will be aged 35-45, a qualified accountant, mature, diplomatic and widely experienced. A 'shirt-sleeves' style of operating is essential together with 'hands-on' systems development experience. A competitive salary, fully expensed car and other benefits is being offered for this challenging role.

Interested applicants should submit their C.V. as soon as possible to Wayne Thomas, Executive Director, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor, Berkshire SL4 1BG.



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

RECENTLY QUALIFIED ACA'S ACQUISITIONS

£25,000 - £30,000 + Car

This highly acquisitive quoted service group is enjoying dramatic growth and profitability. A small department of consultants within H.Q. provides information for mergers/acquisitions decision making. Identifying/ investigating targets, liaising through the acquisition process and 'bedding in' new acquisitions, the role is the principal point of contact between vendor and main board. Candidates will be ACA's seeking a first move.

PROJECT ACCOUNTANT

£21,000 - £25,000 + Car

This major quoted service company requires a recently qualified ACA for an ad hoc advisory role. Preparing reports on various business issues, the role also embraces assisting non-financial managers to prepare budgets, together with forecasting and variance analysis. Involvement in financial and management accounting, systems and treasury are also envisaged. An established entry point enjoying excellent prospects; promotion is envisaged within one year.

DIVISIONAL FINANCIAL CONTROLLER

£24,000 - £28,000 + Car

Part of an international group, this acquisitive property development company has recently been restructured to take account of growth. A young professional is now required for a high profile role involving the formulation and review of budgets, the preparation of a monthly management information package and ad hoc systems development work. The role controls two staff, and offers an excellent entry into line management for a recently qualified ACA.

Please apply directly to Greg Ripley at Robert Half, Freeport, Roman House, Wood Street, London EC2B 2JQ. Telephone: 01-638 5191.

Financial Recruitment Specialists
London - Birmingham - Windsor - Manchester

FINANCIAL CONTROLLER

Leicestershire c. £25,000 plus car

The bringing together of three hitherto independent manufacturing and service related operations into one consolidated unit is only a part of the development programme designed to project this privately owned company beyond its present turnover of about £7m per annum. The building of a strong professionally motivated senior management team is a further part of the plan with the Financial Controller now being sought to join and enhance that team.

Within such an environment therefore there is much creative work to be done at both manufacturing and commercial ends of the business.

Reporting to the Managing Director we anticipate candidates of maturity and experience - probably CIMA aged about 40 - who can demonstrate their ability to have impact across the full spectrum of an engineering/capital goods manufacturing environment.

In addition to this initial development phase we anticipate the successful candidate moving progressively to the position of Financial Director and enjoying long term participation at Board level.

Applicants should write with full details of career to date and present earnings quoting reference FT1006 to Brian J. Smith, CIMA, at:

QMS Recruitment

Quorn House, 6 Princess Road West
Leicester LE1 6TP

Management Accounting Systems

London W1 c. £25,000

Innovative information requirements from planned accounting services for clients in leading professional practice offer computer-friendly accountant a fascinating install — develop — use project working with experienced partner, in parallel with a real management accounting role.

Candidates must be qualified accountants with hands-on (not necessarily full-time) experience of small computer systems planning and introduction. Communication skills are also important. Prospects extend beyond the systems project.

For fuller details please write to John Courtis at John Courtis & Partners, 104 Marylebone Lane, London W1M 5PU quoting ref. 7202/FT and demonstrating your relevance clearly. Both men and women may apply.

JC&P

Management
Selection and
Search

London, Milton Keynes, Northwich

ACCOUNTANTS/ECONOMISTS/MBAs

At Touche Ross Management Consultants a challenge is on offer to rulers of their roost.

You have dedicated years of hard work to reaching the top of your professional perch. So it came as quite a nasty shock to discover that after all the effort there was surprisingly little there. Except, of course, isolation.

Unusually, your current state of mind is confused; you now have no clear indication of how best to develop your speciality and experience.

If you recognise the scenario and are wondering where the challenge suddenly went, then Touche Ross Management Consultants are a name to remember.

Why? Because what we have to offer the excellent, creative mind is above all else a challenge. Or, more precisely, a continuous range of challenges matched by the stimulus of constant change.

Commercial problem solving in a major international practice like ours will release you from your cold and lonely roost. With Touche Ross you will be working in small teams with experienced, critically supportive



colleagues; work which by its very nature will stretch and extend you, exhilarate you, and grant you intellectual elbowroom.

Our environment is an open, pecking order-free structure that encourages strategic self-direction and personal achievement. So much so, that exceptional men and women can progress to partnership within 3-4 years. Initially, starting salaries are to around £35,000 plus a car.

An ever growing volume of assignments from private and public sector clients has created more opportunities in our London, Birmingham, Manchester and Glasgow offices for people with a good first degree and preferably an MBA or appropriate professional qualification. If you're as good as you think you are - we'll be able to hatch something out together!

Please write with full cv, to:
Michael Hurton, (Ref 4110), Touche Ross & Co., Thavies Inn House, 3-4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Touche Ross
Management Consultants

PARTNERSHIP SEC. £28,000
Ten growing medium-sized chartered accountants, seek an internal accountant aged 30-45. Strong leadership qualities, possibly a successful financial controller, also to supervise office services.
MANAGEMENT ACCOUNTANT—FINANCIAL SECTOR
£20,000 + package—Accountant (qualified ICMA/ACCA) preferred, with experience of management reporting and computerised spreadsheet systems. You will be 20-30, able to supervise staff and interested in City finance.
COMPLIANCE ACCOUNTANT—£20,000
A prominent City institution requires highly motivated chartered accountants (up to 40 years). Preferably with experience in finance, who are looking for opportunities to develop careers outside the profession.
MERIDIAN ASSOCIATES, MUSEUM HOUSE,
25 MUSEUM STREET, WC1A 1JT. 01-255 1555

FINANCE & ADMINISTRATION MANAGER

South West
c£20K + car
+ petrol

Our client, the largest company of its kind in the world, is looking for an experienced industrial Financial Manager to help run one of its UK factories.

The role encompasses all aspects of accounting, financial management and information services. The position reports to the General Manager of a stand-alone manufacturing plant producing products with a retail value of over £150 million and employing just under 100 people.

The successful candidate must be professionally qualified and is likely to be of graduate calibre, aged 28-40, with at least 5 years' experience of working in a hands-on, manufacturing environment and with expertise specifically in standard costing and systems development.

LBW

LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Consultancy Group PLC

The position will be particularly attractive to finance professionals who have a sound grasp of French as well as the ability to thrive in a complex international group which can offer long-term career opportunities.

In addition to salary, the remuneration package includes a fully-expensed executive car, non-contributory pension and medical insurance, and full relocation expenses if applicable.

Please send full career details to Valerie Simmons, Lockyer, Bradshaw & Wilson Limited, 39-41 Parker Street, London WC2B 5LH.

All applications are treated in the strictest confidence. Please list any companies to whom your application should not be forwarded.

Financial Controller Paris c FF 250.000

Our client, a rapidly expanding international group with interests in the Middle East and Europe and a turnover already in excess of US \$100M, is looking for a financial controller to operate directly as an assistant to the general manager.

In addition to co-ordinating and analysing the results of the group, the selected candidate will be responsible for introducing a centralised management reporting system, running the accounts of the holding company and participating in the Treasury function of the whole group.

This position is an ideal opportunity

for a young qualified accountant looking to gain international experience in an operational, growth environment. Candidates must, however, be totally fluent in English and have a good working knowledge of French.

If you are interested, please contact Ivor N. Alex ACA on Paris (331) 40.70.00.36 or alternatively write to him by express post at Michael Page France, 19 Avenue George V - 75008 Paris enclosing a comprehensive curriculum vitae and quoting reference INA/1316.

MP

Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Finance Directors

West Midlands

Due to expansion, the Tubes & Fittings Division of the highly successful £800m p.a. Glywed International plc group of companies has opportunities for two Finance Directors: one for the Plastic Sub-Division and another for the Steel Tubes Sub-Division.

These are new positions and, working closely with the respective Managing Directors, the successful candidates will be responsible for assisting in the further growth of a number of autonomous but related business units. Key tasks will be co-ordinating and controlling financial reporting, and assisting in the identification, examination and evaluation of investment and acquisition opportunities.

Candidates, male/female, must be qualified accountants, probably aged between 35 and 40, who have experience as the Finance Director of a £10m+ p.a. manufacturing profit centre, and be able to demonstrate a high level of contribution to business performance.

Good remuneration, incentives and benefits package with many features.

For an information/application pack please contact, in the first instance: Hugh McCordie, Group Staff Manager, Glywed Group Services Limited, Headland House, 54 New Coventry Road, Sheldon, Birmingham B26 3AZ. Telephone: 021-742 2388.

Glywed Tubes & Fittings Ltd
A member of the Glywed International plc group of companies

FINANCIAL CONTROLLER

Worcestershire

c£23,000 + Car

Our client is a major group in a growing service industry sector which has enjoyed significant growth and increased market penetration through innovation and diversification over the last two years.

The appointment of Financial Controller reporting to the Director of Finance and Administration is a new appointment reflecting the importance of financial control in the Group. It is a significant management position with responsibility for all aspects of the finance function including financial accounting, treasury management, budgeting and forecasting, and project appraisal. There are prospects of a directorship within two years for the successful candidate.

Applicants should be chartered accountants, under 40 years of age with a good technical background gained in a medium/large company or professional office. First line management and hands-on computing experience is essential.

The Group's head office is in an attractive rural setting and assistance will be provided with relocation.

Please write in complete confidence quoting reference 3606/1 and submitting a curriculum vitae including current salary details to:

Peter Childs
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr
Forster
Associates
MANAGEMENT CONSULTANTS

Young ACA Financial Accountant

Cheshire based c.£16,000 + Excellent Benefits

This is the ideal opportunity for a young recently qualified ambitious ACA to make their first move into industry.

Our client, Applied Biosystems, a U.S. Multi-National Organisation with the European Headquarters based in Warrington, are world leaders in the development, manufacture and marketing of biochemicals and automated instruments for use in biochemistry, molecular biology and biotechnology research.

Due to the on-going expansion programme, they now require a commercially aware, computer literate

accountant to become an integral part of a highly motivated team. You will be responsible for the preparation of the monthly financial accounts package, forecasts, budgets, consolidations and any ad hoc investigations.

If you can meet the challenge offered by this fast moving hi-tech company, then please send a full C.V. showing current salary, daytime telephone number and availability to Linda McConville, M.E.C.I., Managing Consultant, Robert Armstrong & Co., 2 Booth Street, Manchester M2 4AG.

Robert Armstrong & Company
Management Selection Consultants



MOTION PICTURES

Newly/Recently
Qualified Accountant

c.£20,000 + Benefits West London

No. 1 in cinema/film distribution in over 45 countries, this £300m T/O multi-national offers a superb entry to the Leisure Industry.

A Newly/Recently qualified accountant will lead 8 staff, taking full responsibility for financial and management control of the Head Office accounting functions. This will include analysis and planning by geographical area, working within a multi-currency environment.

The successful candidate, aged 23-27, will thrive on the excitement of the film industry and will be encouraged to diversify their contribution beyond the parameters of finance. Prospects for career development include a move into Corporate Planning or Controllership in the UK or Worldwide. Please contact NICOLA LENDRUM Ref: 4306 on 01-404 3155 at ALDERWICK PEACHELL and PARTNERS (Financial Recruitment Consultants), 125 High Holborn, London WC1V 6QA.

Alderwick
& Peachell
PARTNERS LTD

Joint Venture Accountant

Central London c.£19,000 + CAR + Excellent Benefits

As part of a strong British Energy Group, our subsidiary, Century Power and Light Limited which is currently based in the City of London but relocating in the near future, is expanding to maintain the development of its exploration and production operations. We are currently a partner in 49 North Sea blocks covering 6,000 square kilometres, and have interests in 3 producing fields and a number of oil and gas fields in varying stages of appraisal for development.

We are now seeking to strengthen our existing staff by the recruitment of a qualified accountant (preferably ACA) with around 2 years' post qualifying experience and a keen interest in the oil industry. Working as part of a small, professional team you will be responsible for joint venture audits, joint operating agreement accounting procedures and billing analyses.

Approximately one third of your time will be spent outside the office, but within the U.K.

The position, carries an excellent starting salary plus fully expensed company car, and a range of benefits including Non-Contributory Pension/Life Assurance Scheme, free BUPA and Company Sick Leave Scheme.

Please send a full curriculum vitae in the first instance to Mrs Brenda Cole, Personnel Officer, Calor Group plc, Appleton Park, Slough SL3 9JG.

Calor is an equal opportunities employer. We welcome applications from members of all ethnic minorities and both sexes.

CALOR Gas

Optical and Medical International Group

Financial Controller—Southampton based

A major Division of the Group operating in the field of Technical Services from 31 UK sites requires a Financial Controller to report to the Financial Director of the Division.

The responsibilities of the post include full day to day management of the accounting function, which has a staff of ten. Particular emphasis will be paid to the production of timely management information and the development of the existing computerised accounting systems.

The position carries a salary of up to £21,000, a fully expensed car, executive pension scheme and BUPA.

Candidates with hands-on data processing experience in their late twenties to mid-thirties should apply to:

C. D. FRY Esq.,
Group Financial Controller, Sutherland House,
70-78 West Hendon Broadway, London NW9 7BT.

Finance Director

London

Our client, a marketing and business services group with revenues in excess of £30 million and a strong client base, is seeking to recruit a Finance Director.

As a key member of the executive team you will be closely involved in the strategic development of the group. This position will appeal to a dynamic self-starter able to make a major contribution to our client's corporate objectives within this fast moving business sector.

Applications are invited from qualified

c£50,000 + Benefits

accountants aged 35-45 who can demonstrate first class technical, commercial and inter-personal skills. A record of achievement is more important than relevant sector experience but successful acquisition experience would be a considerable advantage.

If you possess the necessary qualities our client seeks, please write to Barry Ollier ACA, Executive Division enclosing a comprehensive curriculum vitae and telephone number, quoting ref. 459 at 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC



UK Tax Compliance Specialist

London W1

c£25,000 + Car

Our client is a major international Engineering Group with a worldwide turnover around £1000m. The TI Group has undergone a significant recent reorganisation emerging with an exciting development strategy and a successful international base.

The Group now wishes to recruit a compliance specialist for its new and internationally responsible taxation team. Ideally you will be a qualified accountant with solid working experience in the following areas:

- * Determination and agreement of corporation tax liabilities for a range of UK companies including planning the optimum utilisation of reliefs and allowances.

- * Monitoring and improving Group compliance with VAT and PAYE regulations.
- * Assistance with development of a computer based taxation system.

The successful candidate will have the ability to take immediate responsibility for these duties as well as advising and liaising with Treasury and Financial Accounting colleagues on taxation matters.

For further information please contact Chris Nelson on 01-831 2000 (evenings/weekends 01-785 6545) or write to him at the Taxation Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.



Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC



GROUP PLC

Senior Financial Analyst

Watford

to £20,000 + F/E Car

ASDA has experienced rapid growth in recent years and is now a major force within today's highly competitive food retailing sector. Following recent developments ASDA has embarked upon a £1bn capital investment programme which includes the development of over 34 new 'Out of Town' superstores.

Following promotion within the group they now seek to recruit a Senior Financial Analyst at their group head office in Watford. This is the centre of corporate reporting and strategic development and as such this role will include:

- * Financial modelling
- * Co-ordination of strategic corporate plans
- * Performance analysis

- * Investigation and review of investment opportunities
- * Special projects

This challenging role requires a bright, enthusiastic newly or recently qualified Chartered Accountant. Applicants should be graduates, and able to demonstrate computer literacy, commercial awareness and an intelligent approach to problem solving. In return excellent prospects exist for progression within this dynamic organisation.

Interested applicants should contact Richard Wright on 0727 65813 or write to him at Centurion House, 136-142 London Road, St. Albans AL1 1SA.



Michael Page Partnership

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A member of Addison Consultancy Group PLC

Finance Director

Midlands

c£25,000 pkg + Car

Our client is a well established, £8m turnover company in the construction industry, and is part of a highly profitable, international plc with an exceptional growth record.

The Finance Director will assume total responsibility for the financial and purchasing functions and will be fully involved in the commercial activities of the company. The initial brief will be to completely reorganise these functions, and to review the computerised systems. The successful applicant will also be expected to work closely with the Managing Director and play a major part in determining the future commercial strategy of the company. The group's history of promoting finance managers into general management positions

ensures that medium term career prospects are outstanding.

Candidates, aged 30-40, should be qualified accountants with broad accounting experience gained in medium sized manufacturing companies. A high level of self motivation, strong commercial awareness and positive communication skills are prerequisites of the appointment.

Relocation facilities are available where appropriate.

Applicants should write to Alan Dickinson ACMA at Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, quoting ref 551 (Tel 021-643 6255).



Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Young, entrepreneurial, risk-orientated

Finance Director

South Wales

around £25,000 + Mercedes and substantial benefits

This young, extremely successful, multi-disciplinary hi-tech organisation has already made a significant impact with its sophisticated range of products and services.

A "small company with big ambitions", it employs an elite, innovative team of the highest calibre; they need a risk-orientated and entrepreneurial Finance Director who can complement their creative skills with experience in financial control, administration and business management.

Probably in your mid to late 20s, or perhaps early 30s, you will be a highly ambitious, well qualified accountant, seeking a constraint-free environment in which to

progress; you will relish the speculative aspects of business and may have experience in the venture capital or merchant sector. Able to appraise proposed acquisitions or new ventures, your ability to design and implement financial controls is essential; experience of raising capital would be most useful but of prime importance will be your team minded approach and innovative flair.

The substantial remuneration package is complemented by relocation assistance to a most attractive area of South Wales.

To apply please telephone for an application form or send your cv quoting Ref: 1767/PB/FT to Peter Bedford, at the address below.



PA Personnel Services

Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

St Brandon's House, 29 Great George Street, Bristol BS1 5QT.
Tel: 0272 298204

CHIEF ACCOUNTANT

Royal Trust provides private banking services encompassing banking and international trust services and is part of the Royal Trust Group. The Company is committed to uncompromising standards of service, a reputation for excellence and superior quality products.

We need to recruit a highly trained and versatile Accountant who will report to the Financial Controller and be responsible for providing and maintaining a detailed dialogue on all aspects of financial management, within the Trust and Banking operations, as well as having significant involvement in annual budget preparation.

Applicants must be ACCA or ACA qualified and used to tight reporting deadlines, exacting demands and capable of working on their own initiative. A comprehensive working knowledge of PC's and experience in management accounts preparation and staff supervision are fundamental to the job.

We offer a highly competitive salary and benefits package commensurate with experience/qualifications but this will not be a limiting factor to the candidate able to demonstrate the level of commitment, interest and ambition necessary to meet the job demands. We envisage this will be a contract appointment.

Applications in writing to:-
Mrs. S. J. Johnson, Manager - Personnel,
Royal Trust Bank (Jersey) Limited,
Royal Trust House, Colombarie,
St. Heller, JERSEY,
Channel Islands.
Telephone: (0534) 27441 Ext. 3520



Royal Trust Bank (Jersey) Limited

HEAD OF FINANCIAL CONTROL

City

c. £37k + car/package

Our client is a well-established, prestigious financial institution employing about 1,700 staff, providing high class banking and financial services.

As Head of Financial Control, reporting direct to the Managing Director, the appointed candidate will be fully accountable for directing the further strategic development of the financial function with a staff of 20.

Key tasks include managing and developing the day-to-day computerised finance and accounting procedures, providing all necessary financial information for management and external statutory bodies, ensuring compliance with the requirements of the Financial Services Act, asset and liability management, as well as playing a major role in planning the strategic development of the business.

Candidates, ideally aged 38-43, must be chartered accountants, demonstrating considerable line management experience and expertise at a senior level within a major commercial organisation, preferably within a banking or financial services environment.

Strong proactive, negotiating and inter-personal skills are required, as is the personal stature necessary to fulfil the demands of this important appointment.

Please apply with full career details to:-

Stephen Mawditt,
Managing Director,
Senior Management International.

SEARCH & SELECTION DIVISION **Interflex SMI**

Human Resource Management Consultants
Landseer House 19 Charing Cross Road, London WC2H 0ES

Financial Director (Designate)

West End Salary c.£35,000 + car

Our clients, a dynamic, expanding medium sized professional firm have established a sound reputation in their specialist professional areas. They aspire to take the firm to the market and recognise the crucial role that a full time Finance Director would have in planning and monitoring the firm's business and financial affairs.

Reporting to the Senior Partner, the successful candidate will have full responsibility for the financial role, the development of systems as well as developing the financial strategy and future planning of the firm.

Candidates male or female, aged in their early 30s, will be Chartered Accountants who can demonstrate strong personal attributes and practical success in planning and managing finance. Good computer appreciation and systems development and sound interface with "city" institutions are essential requirements to this post.

Interested candidates, who meet these demanding criteria, should send a detailed CV including current salary to Don Day FCA, quoting reference LM 937 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.



Spicer and Pegler Associates

Executive Selection

Redland Outstanding Opportunity in Corporate Strategy/Acquisitions

Redland is a fast growing, leading producer of building materials throughout the world, with interests in aggregates, roof tiles, bricks, fuel distribution and plasterboard. Sales are in excess of £1.5 billion and profits of the order of £150 million.

A small, high calibre planning team reports to the Chairman and is closely involved in achieving profitable growth. Its members work with top management at both Group and Divisional levels. Several members of this team have been promoted to senior line-management positions within the Group. Following such a

promotion, a vacancy has arisen for a new member of the team.

Applications are invited from those aged between 23 and 30 who have high intelligence, good analytical, numerical, linguistic and people skills. They will be articulate, self-starting and bottom line results orientated.

Successful candidates are likely to have made their mark already in their first appointment or will have recently completed an MBA.

Applications should be sent to: David Soskin, Director of Corporate Planning, Redland PLC, Redland House, Reigate, Surrey RH2 0SJ.

FINANCIAL ACCOUNTS

c£20-£30,000

We are currently acting on behalf of several internationally renowned stockbroking institutions who are looking to fill a number of financial accounting positions. There are a variety of roles available and although prior experience within the financial services sector is preferable, it is by no means essential.

The successful candidate should be a qualified Chartered Accountant with a good exam record and the determination to succeed in a competitive environment.

For further details on the above positions please contact Joe Reilly or Alexander Smith on 01-583 0273 (or 01-870 1896 outside office hours).

COMPANY ACCOUNTANT

£19,000 + Car

Our client, an expanding company based in Central London with interests in the UK and overseas, wishes to recruit a newly qualified Chartered Accountant with a good academic background for a head office role.

The successful candidate will be involved with annual accounts, group profit forecasts, debenture issues and various ad hoc projects. Candidates, preferably from one of the big 8 firms, must display good accounting skills and a good commercial acumen.

Prospects for career development with the group are excellent and this position represents an ideal first move for a young accountant wishing to leave the profession.

For further details please contact Hugo Hunt on 01-583 0073 who will treat all enquiries in strict confidence.

BADENOCH & CLARK

THE FINANCIAL & PERSONNEL RECRUITMENT SPECIALISTS
18-19 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4
8, LLOYD AVENUE, LONDON EC3

Group Finance Director

c.£50,000 + car
Thames Valley

Our client is synonymous with success. Established at the beginning of the century, this privately owned group of companies, with core activities of construction and property development, has experienced exceptional growth, doubling its turnover in the past two years to £100m.

With ambitious plans for further expansion, both organically and by acquisition, a review of the company's senior management team has identified a requirement for a Group Finance Director.

This is an outstanding opportunity for an exceptional individual with a proven track record in a high profile environment to assume responsibility for the Group's Finance and Administration Functions. You will be expected to contribute substantially to the management of the business, working closely with the Group's Chief Executive on future strategy. Your first task will be to review the present structure of the function, make recommendations and implement the necessary steps in order to facilitate the continued and sustained growth of the company into the 21st Century.

You will be a "fast track" chartered accountant, aged 35-45, with at least 10 years post qualification experience in a dynamic and demanding environment where you have contributed significantly to strategic planning. You must have sound commercial acumen and be able to demonstrate excellent communication, team management and interpersonal skills.

In the first instance, please forward your career resume and daytime telephone number to Mandy Davies.

ROBSON RHODES

Chartered Accountants

Management Consultancy Division
186, City Road, London, EC1V 2NU.

ORION

FINANCIAL CONTROLLER

Port Talbot, South Wales

Orion is one of the leading manufacturing companies in the world. A factory making video recorders has been in operation near Port Talbot for approximately one year. Rapid expansion has created a need for a Financial Controller who will be responsible for managing the accounts function which is currently staffed by 4 people and subject to further development. Responsible to the Managing Director the role will involve the preparation of management accounts and reports on a timely basis for both the UK Board and the parent company in Japan. Computerised systems are in use.

Candidates aged 25-45 should preferably be qualified accountants with experience of working with a multi national group.

The salary will reflect the importance of the role and the experience of the individual.

Please write with full CV to: Mr C N Trotman, Orion Electric (UK) Ltd, Keffig Industrial Estate, Margam, Nr. Port Talbot, Mid Glamorgan.

Group Finance Manager

Rural North West

to £30,000 p.a. plus company car

Our client is a medium sized company owned by its management and moving towards public quotation, engaged in the manufacture and sale of a world renowned medical product. It has exciting expansion planned and wishes to recruit its first Finance Manager to take part in this growth.

The appointee will eventually be responsible for all accountancy (already fully computerised), financial reporting and treasury functions, but will also represent the company in dealings outside the finance area. Candidates (30 to 40 and C.A. or C.C.A.) will have had 5 years' experience in industrial manufacturing environment since qualifying, ideally at management level with computer and man management exposure.

Apply in confidence to Hamilton Howatt, ERP International, 310 Chester Road, Hartford, Northwich, Cheshire, CW8 2AB, stating how you meet our clients requirements and quoting reference CS00/FT. Both men and women may apply.

ERP

in association with

John Courts and Partners

USA

Seidman & Seidman, International Accountants, have vacancies for audit staff in their New York City office.

These positions will interest candidates with one to two years' post qualification experience with a leading firm of Chartered Accountants and who are able to transfer by January 1 1988. Positions must be for a minimum of two years.

Full assistance will be provided with visa procedures.

For further details, please write with full CV and home telephone number to:

Mr Robert A. Gaida
Human Resource Partner
Seidman & Seidman
15 Columbus Circle
New York, New York 10023
USA

Seidman & Seidman

FINANCE DIRECTOR

Experienced in managing exceptional growth

Surrey c.£45,000 + car + profit share

This challenging opportunity arises in a group of companies which has grown from less than £1 million turnover to £20 million in four years and now aims to achieve, within a similar further period, sales of £100 million. The group designs, manufactures and markets a range of collectors items and high quality gift products. Exports are increasing even more rapidly than domestic sales.

The Finance Director will review and develop the systems and staffing of the finance function and play a key role in planning and controlling growth, including forecasting and negotiating the necessary funds.

Applications are invited from qualified accountants, aged 30 - 45, with previous first hand experience in a rapidly expanding business. In order to deal successfully with people ranging from extroverted entrepreneurs to talented artists, candidates will need to be sensitive, stable and sympathetic yet also commercially hard-nosed.

Please send a comprehensive career resume, including salary history and day-time telephone number, quoting ref: 2850 to G. J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners

Thames Inn House, 3/4 Holborn Circus, London EC1N 2HR. Tel: 01-353 7361.

YOUNG FINANCE DIRECTOR

- WITH A HIGH LEVEL OF BUSINESS FLAIR

c.25k + SUBSTANTIAL BONUS + CAR

READING

Pipe Dreams is a specialist retailer of luxury bathroom furniture. Since January it has been a strategically important member of Smallbone plc, the highly successful and innovative group involved in design, manufacture, wholesaling and retailing in the top sector of domestic interior design. The need is for a highly commercial, qualified accountant to assist the M.D. in the running of the business and contribute to the ambitious growth plans which should see turnover quadruple and a multi-site operation established within 3 years. Immediate priorities will be the provision of management information, currently in its infancy, and the continued development of computerised systems and stock control.

You are likely to be under 30 with the personal qualities to succeed in a fast moving, design led and sales driven organisation. This is an excellent opportunity to gain broad business management experience within a highly professional, forward looking group.

Please send your c.v. to our advising consultant, Phil Bainbridge, ref. B.35063. MSL International (UK) Ltd., Pilgrim House, 2/6 William Street, Windsor SL4 0BA.

SMALLBONE PLC

A Unique Opportunity for a young

Management Accountant

City Salary Neg to £25k + car + benefits

Our Client, a major Lloyd's members underwriting and managing agency, is currently reorganising its financial reporting and management accounting structure and has identified the need for a young Management Accountant.

Reporting to the Financial Controller, you will have responsibility for establishing tighter financial controls, providing financial management information, statistical analysis, and the preparation of statutory accounts and Lloyd's compliance requirements. To achieve these objectives, you will also be heavily involved in the development of computer systems in the financial and underwriting areas.

Candidates, will be Chartered Accountants, aged in their mid 20s, who have experienced an involvement with the Lloyd's market, who are computer literate and are now ready to embark on an exciting career with a very progressive organisation.

The rewards in this post are outstanding for a recently qualified accountant, and if you feel you could meet this challenge, you should send a detailed CV, including current salary, to Don Day FCA, quoting reference LM622 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates

Executive Selection

Financial Controller

West End Salary neg. to £30k + car

Our clients, a dynamically expanding firm of solicitors, are considered to be among the leaders in one of their specialist professional areas. They now recognise the crucial role that a full time professional Financial Controller would have in planning and maintaining the partnerships business and financial affairs.

Reporting to and working closely with the Senior Partner, the successful candidate will have full responsibility for the financial role at a time of rapid change and development.

Candidates, likely to be 28-34, will be Chartered Accountants who can demonstrate strong personal attributes and practical success in planning and managing finance, IT and other support activities in a service or partnership environment.

Interested candidates, who meet these demanding criteria, should send a detailed CV including current salary to Don Day FCA, quoting reference LM 621 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates

Executive Selection

Director of Finance

London

c.£35,000 + bonus + s/options + car

Our client, a major quoted plc with an asset base exceeding £1bn, operates one of the foremost property companies throughout the UK. New developments and re-structuring of this multi-site organisation have now resulted in the need to appoint a Director of Finance of the quoted property company.

The role reports to the Chief Executive and will have responsibility for directing the strategy and future expansion of the business. Strong cash management and the imposition of tight financial controls are imperative.

Candidates, age indicator 30-40, will be qualified accountants, who must have had property experience. That experience must also include strong interpersonal skills to liaise with

both internal and external parties and be backed up by a strong commercial awareness with sound financial expertise. Future prospects within this group are excellent.

Please write enclosing full resume quoting ref: 145 to: Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE. Tel: 01-839 4672

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

INVESTIGATIVE ACCOUNTANCY
Up to £20,000

ARE WE GETTING OUR MONEY'S WORTH FROM OUR BIGGEST SPENDERS?

The public sector accounts for some of the biggest spending in the economy. An independent public organisation, our brief at the National Audit Office is to examine the accounts of all government departments and other public bodies. Our examinations go beyond the traditional requirements for certification of accounts into questions of efficiency, economy and effectiveness. Our complex value-for-money investigations, in particular, involve us in wide issues where judgement is at a premium and where we can be trading close to the outer limits of audit work. We are further expanding our team and looking for top calibre professionals to join us as Senior Auditors.

Candidates must be fully qualified accountants (Public Finance, Chartered, Certified or Management) with a good knowledge of current auditing methods and techniques, and the ability to work on their own initiative. Very important is an inquisitive approach with the persistence and tact to see matters through to completion. At least one year's post-qualification experience is required, together with the capacity to act as team leader and supervise graduate trainees.

The vacancies are in London, mainly in our modern headquarters building, but some travel within the UK will be necessary.

We operate a performance related pay scheme with a range for Senior Auditors of £16,485 to £21,814. Starting salaries within this range will depend on qualifications and experience. Promotion prospects are excellent. An attractive benefits package includes a non-contributory index-linked pension scheme, free life insurance, interest-free loans for season ticket purchase and, where applicable, assistance with relocation.

Please write, including a full CV, to: Michael Bland, National Audit Office, 157-167, Buckingham Palace Road, Victoria, London SW1W 9SP.

NAO
NATIONAL AUDIT OFFICE

The NAO is an equal opportunities employer.

HENDERSON
ADMINISTRATION GROUP PLC

COMPLIANCE MANAGER

c.£28,000 + profit share and excellent benefits

Henderson Administration is an International Investment Management Group managing funds of approx £8 billion for UK and International clients in the world's major stock markets. It is one of the largest independent British investment management houses, highly regarded in the City and by major institutional and private investors.

This new post offers an exciting and challenging opportunity for a high-calibre, young Chartered Accountant who has had at least 5 years post-qualifying experience. Familiarity with the City's institutional environment is desirable but not essential.

Candidates need a high degree of maturity, self-motivation and communication skills, and the ability rapidly to acquire an understanding of the diverse technical systems and legal issues involved in establishing a compliance and internal audit unit within the organisation. This high-profile position will report to the Group Compliance Officer.

The highly attractive salary and benefits package includes a car and non-contributory pension scheme.

Please write with career details quoting reference BH.776 to Tony Burden, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD.



ESD is the Executive Selection Division of EAL International

Hoggett Bowers

Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINNERS
A MEMBER OF BLUE ARROW PLC

General Manager — Finance (With Director Potential)

Textile Products

West Yorkshire, To £30,000, Car, Benefits

This is a rare and special opportunity to join a profitable, well established private company with a turnover in excess of £10m per annum, employing 130 people and operating successfully in UK and international markets. An accomplished individual is now required to join the team, bringing fresh and innovative levels of financial and general business expertise at a crucial stage in the development of a company which has undergone a huge reinvestment programme. A successful, qualified Chartered Accountant, you will have considerable experience in systems, a strong commercial awareness and want Directorship within a reasonable period of time. An excellent communicator and inspirational leader, you should have the personality to fit in well with a proud, vigorous family run enterprise which has always enjoyed an enviable reputation in quality products and customer service. A lead by example and shirt sleeves type of management style are essential. This is a genuine opportunity offering outstanding prospects for an individual seeking both personal career development and the potential of a significant financial stake in a healthy and growing business.

J.A. Thomas, Hoggett Bowers plc, 7 Lisbon Square,
LEEDS, LS1 4LZ, 0532 448861. Ref: L13040/FT.

Financial Director

Light Engineering

North East, To £26,000, Profit Share, Car

Setting and maintaining the highest standards of quality and reliability have enabled this extremely successful organisation to become a major force in the UK and international market place and has helped to create an exceptional career opportunity for a dynamic accountant to play a key role within the company. Reporting to the Managing Director, responsibility is for the effective control of all plant accounting activities, incorporating guidance in the strategic development of the company, the provision of financial information and reports, the development and maintenance of computerised systems and the management of a highly committed team to maximise their effectiveness. Aged over 30 and a qualified accountant, preferably ACMA, you will have a track record of achievement gained at a senior level within a manufacturing environment and be able to demonstrate the necessary level of drive and management ability to make a significant contribution to the overall success of the business. Prospects for promotion to more senior positions within the company are outstanding.

D.R. Davidson, Hoggett Bowers plc, 4 Mosley Street,
NEWCASTLE UPON TYNE, NE1 1DE, 081-232 7455. Ref: N15022/FT.

Group Finance Executive

Major International plc

North West, Over £25,000, Car

The continuing successful growth and development of this major international plc has created this important position in the Group Head Office. The responsibilities are wide, providing exposure to senior management throughout the Group when evaluating and interpreting business performance. Candidates will need to demonstrate strong, intellectual, interpersonal and analytical skills, be experienced in addressing broad business strategy issues, including contributing to acquisition activity, all on a solid management accounting base. Familiarity with the use of personal computers is essential. Only graduates, aged 27-35, with an accounting qualification and at least three years experience within a leading industrial/commercial organisation will be considered for this appointment which provides a genuine career opportunity.

Mrs J. Cull, Hoggett Bowers plc, St James's Court, 30 Brown Street,
MANCHESTER, M2 2JF, 061-832 3500. Ref: M18007/FT.

Unit Trust Administration

City, To £23,000, Car

Promotion of the present incumbent has created this opportunity in one of the most successful and well known unit trust management companies. Reporting to the Director of Administration, the position is responsible for a small but experienced team, each person in which has complete funds to administer. The successful candidate will have a minimum of about five years unit trust experience, exposure to fairly advanced accounting and tax questions, leadership qualities that gain and keep the respect of staff and senior management and the ability to guide the team through the current and future computerisation and other improvements in working systems. Ideal age is mid 30's but the right experience and personality are more important.

L.L. Duff, Hoggett Bowers plc, 1/2 Hanover Street,
LONDON, W1R 9WB, 01 734 9832. Ref: H14021/FT.

Financial Director

Food Manufacturing

Central Scotland,

c £22,500, Car, Above Average Benefits

A career opportunity for an ambitious accountant to make a major contribution to the continued growth and development of a successful food manufacturer, a self accounting profit centre within an independent Scottish group. The successful candidate, in addition to the primary responsibility for the provision of financial and management accounting information, will control personnel administration, finished goods inventory and distribution and lead the development of computer based Management Information Systems. Aged 30-40 and probably a qualified CA, applicants will have at least 5 years manufacturing experience, ideally gained in the food industry. Personal drive and commitment will be combined with the creativity and interpersonal skills necessary to play a key role in a small integrated management team. Very attractive conditions of service reflect the stature of the company and as part of a successful group the prospects of further career progression are excellent.

D.C. Buggan, Hoggett Bowers plc, 29 St Vincent Place,
GLASGOW, G1 2JT, 041-221 2385. Ref: G14023/FT.

Financial Accountant

A UK Leader in the Brewery/Leisure Industry

City, c £18,000, Excellent Benefits

The UK Brewing arm of one of Britain's largest Groups, with annual sales in excess of £5 Billion is currently seeking a Financial Accountant to clarify and motivate the profitable performance of the financial function. The divisional activities encompass the complete brewery group operations within a highly competitive environment, displaying success and continued growth in all areas of trading. The successful candidate will assume responsibility for the direct reporting of financial information and ensure that internal controls are maintained to the highest professional standards supported by a team of 3 staff. The ideal candidate aged 25-28 will be a qualified ACA, ACCA with 2 years relevant post-qualification experience including a knowledge of mainframe computer systems and proficiency within a salaries environment. Additionally you will be an ambitious individual with displayed skills in the training and development of staff. This front-line position should be considered as a stepping stone for future advancement into a regional or Head Office role. Generous benefits package and relocation assistance.

B.E. Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street,
LONDON, W1R 9WB, 01-408 2706. Ref: B34/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

GROUP FINANCIAL CONTROL

Substantial Remuneration

Fox-Pitt, Kelton are an international stockbroking and investment banking group based in Europe and the USA; we have expanded rapidly in five years to become a major force in our specialised markets.

We are seeking a group accountant/financial controller to work with our group chief financial officer in London. He will need to be capable of operating in a fast moving environment which involves foreign exchange, international taxation and complex corporate structures. He will have a sound base of accounting theory and experience in preparing consolidated accounts.

The primary tasks are the preparation of the group management and statutory accounts and budgets and control of the group cash positions; he will also assist on taxation and the group's financial administration.

The successful candidate will be computer literate and he or she will be a graduate Chartered Accountant, who has experience with a major accounting firm and relevant commercial experience outside the profession.

We are offering a highly competitive remuneration package, so salary will not be a problem for the right candidate.

Please send a comprehensive CV including details of remuneration to:

The Financial Director

FOX-PITT, KELTON LIMITED

Eldon House, 2 Eldon Street, London EC2P 2AY

FINANCIAL AND BUSINESS CONSULTANTS

OUR NAME MEANS BUSINESS

When it comes to Management Consultancy, few names are as well known or as well respected as Peat Marwick McLintock.

From the private to public sector, from industry to education, our specialist teams of consultants enjoy a wide variety of challenges, demands and opportunities.

Were you to join us you would join a UK consultancy of 600 professionals, working within a worldwide group of over 4,500 consultants.

This size enables us to provide the breadth of service to clients that is essential in the international markets of today. It also gives us access to an enormous skill, experience and knowledge bank, and it enables us to fund research and the development of products, services and people.

In Peat Marwick McLintock, however, size does not

submerge the skills or ideas of individuals. Within the firm you could join one of our financial management groups of 15 or 20 professionals, or a group of sometimes only four or five who are dedicated to developing and delivering products and services to a particular industry or market sector.

This is consultancy within Peat Marwick McLintock.

If you are a graduate accountant, with excellent post-qualification experience in well managed organisations, and would like to discuss opportunities in consultancy with us, we would be very pleased to meet you.

To enable us to prepare for the discussion, please send a brief C.V. with remuneration history and quoting reference FM/OC7 to Mike Coney.



Peat Marwick McLintock

Management Consultants

1 Puddle Dock, Blackfriars, London EC4V 3PD

The Morgan Bank is a leading international bank with worldwide operations. In addition to providing banking services, we manage the Euro-clear System which is the world's most important clearing organization for internationally traded securities.

We have career opportunities in the Integrated Accounting Group of the Financial Division of Euro-clear for (m/f)

THREE UNIVERSITY GRADUATES IN ECONOMICS OR FINANCE ACCOUNTING

(ref. J1)

The Integrated Accounting Group is responsible for management of the corporate financial data base and for financial reporting to local and US Head Office management as well as to Belgian regulatory authorities.

Two of the three positions require 2-3 years experience in the accounting/reporting function of a US multinational or in an international public accounting firm.

In all cases, a reasonable degree of computer-literacy will be necessary, as well as an excellent knowledge of French, good knowledge of English, with knowledge of Dutch being an asset.

ONE ACCOUNTANT

(ref. J2)

who will be initially in charge of tax reporting to Head Office and the Belgian tax authorities. He will become gradually more involved in specialized tax-projects.

We are looking for someone who

- ☐ is between 23 and 25 years of age;
- ☐ has 2-3 years of experience in accounting and/or in tax related work in a large American multinational company or in a public accounting firm;
- ☐ likes to work with numbers;
- ☐ is familiar with Lotus 123;
- ☐ has an excellent knowledge of French, good knowledge of English, with knowledge of Dutch being an asset.

These positions call for highly motivated, achievement-driven persons. We offer a very competitive salary with attractive fringe benefits and real career prospects.

If you recognize yourself in one of these profiles, please send your cv., together with a recent passport photograph and mentioning the reference of the job you are applying for, to the following address:

Morgan Guaranty Trust Company of New York, Euro-clear Operations Centre for the attention of Mr. M. Hemeleers,
rue de la Régence 4, 1000 Brussels.

The Morgan Bank

FINANCE DIRECTOR DESIGNATE

circa £25,000 + Car + Benefits
(Sussex based — Relocation package)

Hackman (UK) Ltd is the UK subsidiary of OY Hackman AB, a Finnish based group of companies who also own a controlling interest in DIY Timber Ltd.

The appointment will encompass the role of Financial Director of Hackman (UK) Ltd and Financial Controller of DIY Timber Ltd. Reporting to the Managing Director the position will be required to provide effective financial and management controls to keep pace with the rapid growth of the company in a dynamic and changing market.

Candidates, probably in their early 30's, will have already made substantial progress with their careers, ideally within a competitive trading environment, and have achieved their professional qualifications. Knowledge of modern computerised accounting systems and their development is essential. Day to day duties will include overall treasury control involving finance, taxation and foreign exchange as well as the supervision of the accounts function.

If you are proactive, like working in a busy environment and are interested in this position, please send a current cv with details of your career to date to:

Michael Downes, Managing Director,
Hackman (UK) Ltd,
Sheffield Park, Uckfield,
East Sussex TN22 3PR

All applications will be treated in the strictest confidence and are welcomed from candidates irrespective of sex, race or disability.

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Group Chief Accountant

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Our client is a successful PLC with a turnover in excess of £300 million. The group has 3 operating divisions with 10 wholly-owned subsidiaries worldwide and a number of associated companies.

Due to a pending retirement, the group wishes to recruit a Group Chief Accountant who will be responsible for co-ordinating and consolidating all financial plans, forecasts, budgets and accounts; cash and treasury management; salaries; head office accounting and payroll; and the development of micro-computer applications for head office and the operating companies.

Reporting to the Group Financial Director, the successful candidate will be expected to assist in acquisition work as well as liaison with the operating companies.

The requirement is for an energetic qualified accountant with good communication and numeric skills and solid experience in multi-currency consolidations.

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Please send a concise CV with details of your relevant experience to Steve McBride.

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